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Ref:
58038-0043

May 26, 2006

Kim Muratore
Case Developer (SFD-7-B)
United States Environmental Protection Agency
Region 9
75 Hawthorne Street
San Francisco, CA 94105

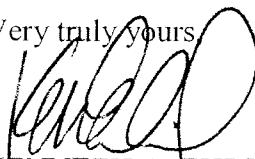
Re: Our client: CalMat Co. dba Vulcan Materials Company, Western Division
("CalMat")
March 28, 2006 General Notice Letter and CERCLA § 104(e) Information
Request

Dear Ms. Muratore:

Our office represents CalMat. Please find enclosed additional backup documentation to CalMat's responses to questions 1-20 from the CERCLA § 104(e) information request referenced above. The attached documents support CalMat's responses to questions 14(b), 14(c), 15(a), 15(b), 15(c), 18(b), and 18(c).

Please contact our office with questions or comments.

Very truly yours,



KENNETH A. EHRLICH,
a Professional Corporation of
Jeffer, Mangels, Butler & Marmaro LLP

KAE:pfl

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LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter called "Lease") is entered into this 15th day of January 1993, by and between CALMAT CO., a Delaware Corporation (hereinafter called "Landlord"), and PICK YOUR PART AUTO WRECKING, INC., a California Corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the County of Los Angeles, State of California ("the "Premises"), consisting of approximately 8.76 acres as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A".

B. Tenant desires to lease from Landlord, and Landlord desires to let to Tenant the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefore, sell, lease, and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease. Landlord also reserves to itself, its successors in interest and its assigns, an exclusive easement ("Right of Way") upon, across, under, over and through that portion of the Premises described in Exhibit "A" attached hereto, for the purpose of operating, constructing, altering, expanding, replacing, repairing, and maintaining one or more conveyor systems, and water pipelines, and uses incidental thereto,

together with the right to use and keep all of said Right of Way free and clear of any and all obstructions, including the right to trim, cut, or remove vegetation or trees which may interfere with Landlord's use and enjoyment of the Right of Way. The Right of Way reserved herein includes the right of reasonable entry upon the Premises for the purpose of engaging in the operation, inspection, maintenance, repair, improvement and replacement of the conveyor systems and pipelines, and the exercising of the other rights herein granted. Said right of entry may be exercised by trucks, automobiles, and other vehicles or by foot, as may suit the reasonable needs of Landlord.

2. Term. The Lease term shall be five (5) years, commencing on ~~January 1, 1992~~ ^{January 1, 1993} and ending on ~~March 31, 1997~~ ^{December 31, 1997}.

3. Monthly Rental. Tenant agrees to pay to Landlord, without abatement, deduction, offset or prior demand, a rental of \$28,618.92 per month, and at such rate as adjusted in accordance with the provisions of Paragraph 4, payable on the first (1st) day of each calendar month during the term hereof. In the event this Lease commences on a date other than the first day of a calendar month, rent for the first month shall be pro-rated. Should any rental not be paid when due, it shall bear interest at the lesser, ten percent (10%) or the maximum rate permitted by law to charge.

4. Rental Adjustments. The monthly rental rate provided for in Paragraph 3 herein shall be adjusted upward on each anniversary date of this Lease in the following manner; the first two (2) adjustments in the monthly rental rate shall be made in direct proportion to the proportional percentage increase in the Consumer Price Index ("CPI") between the Base Index published for ~~April 1992~~ ^{January 1993} and the Comparison Index for ~~April 1993~~ ^{January 1994} and again for ~~April 1994~~ ^{January 1995}.

The Consumer Price Index is published monthly by the U.S. Department of Labor, Bureau of Labor Statistics, All Urban

Consumers, in the Los Angeles-Anaheim-Riverside Statistical Area (1982-84=100). Each CPI adjustment shall be limited to six percent (6%) maximum and shall not be less than four percent (4%) minimum, provided however, in no event shall the monthly rental rate be reduced below the monthly rental rate payable during the immediately preceding period. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices. The monthly rental amount shall again be increased, effective on ~~January 1, 1996~~ ^{January 1, 1996} and on ~~April 1, 1996~~ ^{January 1, 1997} by \$0.01 per square foot per month each adjustment.

5. Late Charges. Tenant's failure to pay rent may cause Landlord to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord by any ground lease, mortgage or trust deed encumbering the Property. Therefore, if Landlord does not receive any rent payment within ten (10) days after it becomes due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late payment.

6. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of TWENTY FIVE THOUSAND DOLLARS (\$25,000.00), which sum shall be paid by

Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the above-mentioned amount.

7. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as-is" condition. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the premises as it deems necessary for its own use; provided however, that improvements which cost more than Five Thousand Dollars (\$5,000.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of non-responsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances, and governmental regulations applicable thereto. Title to all

improvements made at Tenant's expense shall remain in Tenant until expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

8. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except for an automobile parts salvage yard, wrecked automobile storage and dismantling. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, state, and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such manner as to interfere with Landlord's use or occupancy of the property or any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use.

9. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and

whether such property so installed is assessed as personal property or as a part of the real property.

Also, Tenant shall pay to Landlord as additional rental within thirty (30) days after receipt of written statement from Landlord setting forth the amount thereof, the amount of all real estate taxes, or any other form of assessment, including without limitation license taxes, commercial rental taxes, levies, charges, penalties, or similar imposition, imposed by any authority having the direct power to tax, including any city, county, State or federal government, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof, as against any legal or equitable interest of Landlord in the Premises, for a period within the term hereof. Without limiting the generality of the foregoing, the aforementioned taxes and assessments shall include: any tax on Landlord's right to rents or other income from the Premises or as against Landlord's business of leasing the Premises; any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged that Proposition 13 was adopted by the voters of the State of California in the June 1978 election and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants; and any assessment, tax, fee, levy or charge allocable to or measured by the area of the Premises or the rent payable hereunder, including, without limitation, any gross receipts tax or excise tax levied by the State, city, or federal government, or any political subdivision thereof, with the respect to the receipt of such rent, or upon or with

respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof. Tenant shall bear any business tax imposed upon Landlord by the State of California or any political subdivision thereof which is based or measured in whole or in part by amounts charges or received by the Landlord under this Lease, excluding State Franchise Taxes and Federal Income Taxes.

10. Maintenance and Repair. Tenant leases Premises in "as-is" condition based upon its own independent investigations and not on any warranty of Landlord, express or implied. Tenant's possession of the Premises shall constitute Tenant's acceptance of the condition of same. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Without limiting other provisions of this Lease, all damage caused by removal of trade fixtures by Tenant shall be promptly repaired to Landlord's reasonable satisfaction by Tenant before the termination date of this Lease. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code Sections 1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order or repair as required, Landlord or its

agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense clean up and remove from the Premises all personal property, rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately reimbursed by Tenant to Landlord.

11. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable to Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant's rent for the remaining portion shall be calculated by multiplying the remaining usable square feet by the then current lease rate per square foot being paid by Tenant one month prior to such Premises reduction. Tenant waives the provisions of Code of

Civil Procedure Section 1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of crops, fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

12. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render operative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to

exercise any other right or remedy.

13. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant, within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord, fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

14. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

15. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and

maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. Section 651 et seq., the Federal Mine Safety and Health Act of 1977, 30 U.S.C. Section 801 et seq., and the California Occupational Health and Safety Act of 1973, Labor Code Section 6300 et seq. (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon.

Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises.

16. Hazardous Material/Waste.

(a) Tenant warrants and represents to Landlord:

(i) Tenant shall not permit any "Hazardous Materials," as hereinafter defined, to be brought upon, stored, manufactured, on or transported from the Premises, except for petroleum products which are commonly used and necessary in Tenant's business of dismantling wrecked automobiles, and storage of used auto parts.

(ii) Tenant shall at all time be in compliance with all environmental laws applicable to the Premises.

(b) Tenant shall indemnify, defend and hold Landlord harmless against any and all claims, damages, enforcement actions, remedial actions, liabilities, losses, cost and expenses arising out of the presence of any Hazardous Materials on the Premises. Landlord shall have the right to enter on the Premises to conduct an environmental assessment

at any time during the Lease term. If Hazardous Materials are detected, the cost of this assessment will be paid for by Tenant. Tenant shall be required to take all remedial action necessary to insure clean-up of any Hazardous Materials present on the Premises and to comply with all environmental laws applicable at the end of the Lease term.

(c) The term "Hazardous Material(s)" shall mean any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including without limitation, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), and all of those chemicals substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner, based directly or indirectly upon such properties or effects, pursuant to any applicable environmental law.

(d) The term "environmental law(s)" shall mean any and all federal, state, or local environmental, health and/or safety-related laws, regulations, standards, court decision, ordinances, rules, codes, judicial or administrative orders or decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future, which are or become applicable to Tenant, Tenant's operations or the Premises.

(e) The provision of this Paragraph shall be in addition to, and shall not diminish in any way, any other provision of this Lease requiring Tenant's compliance with law or Tenant's obligation to defend and indemnify Landlord.

17. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

18. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Workers' Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than ~~Two Million Dollars (\$2,000,000.00)~~ ^{One Million Dollars (\$1,000,000.00)} combined single limit. ^{w/ a Two Million Dollar (\$2,000,000.00) aggregate.} All such public liability and property damage

policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days' notice to Landlord in the event of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

19. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied

upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant; then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, all within thirty (30) days after service of such notice, and to execute and deliver to Landlord such instrument(s) as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or

preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

20. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such holding over shall be a tenancy from month to month subject to all the terms of this Lease pertaining to the obligations of Tenant, but all options and rights of first refusal, if any, granted to Tenant under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy. The monthly rental shall be adjusted to month to month rental rate, determined to be not more than One Hundred Twenty Percent (120%) of monthly rent paid for the month prior to expiration of the lease term.

21. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Properties Co.
12901 Ramona Blvd., Ste E
Irwindale, CA 91706
Attn: Property Manager

To Tenant: PICK YOUR PART AUTO WRECKING
 1301 Orangewood Ave. Ste 130
 Anaheim, CA 92805
 Attn: Cindi Galfin, Controller

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

22. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a precondition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

(a) The name and legal composition of the proposed transferee;

(b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;

(c) Such information as to the proposed transferee's financial responsibility, business experience, and standing as Landlord may reasonably require;

(d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer and;

(e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgment that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent

be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

Ninety percent (90%) of all rent received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than fifty percent (50%) of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possession more than fifty percent (50%) of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

23. Utilities. Tenant shall pay all charges for electricity, light and power, telephone, gas, water and all similar charges which may accrue with respect to the Premises during the term of this Lease. Tenant shall, at its sole cost and expense, have all utilities required for its use brought onto the premises except that Landlord shall have water brought onto the premises and have installed an outdoor water spigot for tenant's use. Tenant shall have any repairs done to the water line at its sole cost and expense.

24. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

25. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during the making of such repairs or restoration as may become necessary under the provisions hereof.

26. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

27. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

29. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord.

30. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force

and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

31. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

32. Quiet Possession. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

33. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

34. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

35. Real Estate Brokers; Finders. Each party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

36. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first-above written.

TENANT:

LANDLORD:

PICK YOUR PART
AUTO WRECKING, INC.

CALMAT CO.

BY: Glenn McElroy, Owner
Glenn McElroy, President

BY: G.H. Baker, Vice President

BY: _____

BY: _____

DATE: 1/28/93

DATE: FEB 3 1993

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159

Vulcan
Materials Company
WESTERN DIVISION

Vulcan Materials Co.
Original Signature Copy

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TABLE OF CONTENTS

1.	LEASE	1
2.	TERM	2
3.	RENTAL	2
4.	RENTAL ADJUSTMENT	3
5.	RENT ABATEMENT	3
6.	SECURITY DEPOSIT	4
7.	OPTION TO EXTEND TERM	5
8.	TENANT'S RIGHT OF FIRST REFUSAL TO PURCHASE THE PREMISES	6
9.	IMPROVEMENTS TO THE PREMISES	7
10.	TAXES AND ASSESSMENTS	10
11.	USE OF PREMISES	10
12.	MAINTENANCE AND REPAIR	11
13.	DAMAGE OR DESTRUCTION	12
14.	ENTRY	13
15.	METHANE GAS RECOVERY SYSTEM	13
16.	SAFETY	14
17.	CONDEMNATION	15
18.	CONSENTS AND WAIVERS	16
19.	LIENS	16
20.	DEFENSE, INDEMNIFICATION AND EXCULPATION	17
21.	HAZARDOUS MATERIALS	19
22.	INSURANCE	22
23.	DEFAULT	23



24.	HOLDING OVER	25
25.	NOTICES	25
26.	ASSIGNMENT AND SUBLETTING	26
27.	UTILITIES AND SERVICES	29
28.	INSOLVENCY OF TENANT	29
29.	TRANSFER OF LANDLORD'S INTEREST	29
30.	SUBORDINATION, ATTORNMENT, NON-DISTURBANCE	29
31.	SIGNS	30
32.	INTERPRETATION	30
33.	SUCCESSORS AND ASSIGNS	31
34.	COST OF LITIGATION	31
35.	QUIET POSSESSION	31
36.	QUITCLAIM DEED	31
37.	RELATIONS OF PARTIES	31
38.	REAL ESTATE BROKERS; FINDERS	31
39.	ENTIRE AGREEMENT	32
40.	RECORDING	32

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LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 22nd day of December, 2001, by and between CALMAT PROPERTIES CO., a California corporation (hereinafter called "Landlord"), and LAUREL CANYON HOLDINGS, LLC, a Nevada limited liability company (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain real property situated in the City of Los Angeles (North Hollywood), County of Los Angeles, State of California, consisting of approximately 58.9 acres, as shown on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

C. In connection with the Lease of the Premises from Landlord to Tenant, Tenant desires to assume from Landlord, and Landlord desires to assign to Tenant, certain rights and obligations under existing lease agreements pertaining to portions of the Premises, which agreement shall be evidenced by and accomplished through the execution by Landlord and Tenant of that certain Assignment and Assumption Agreement of even date.

D. Also in connection with the lease of the Premises from Landlord to Tenant, Tenant desires to purchase from Landlord, and Landlord desires to sell to Tenant, certain fixed assets (e.g., storage containers, office and trailer) located on the Premises, which sale and finance transaction shall be evidenced by and accomplished through the execution of a Bill of Sale, Promissory Note, Security Agreement and Financing Statement of even date.

AGREEMENT

1. LEASE. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the Term (as defined below) and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas,

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hydrocarbonous substances, minerals, mineral rights, water and water rights in and under the land described as the Premises.

2. TERM. The term of this Lease shall be approximately twenty-five (25) years commencing on either (i) April 1, 2002 or (ii) if Tenant gives written notice to Landlord at least five business days in advance, February 1, 2002 or March 1, 2002 (the "Commencement Date"), and expiring, regardless of the date of commencement, on December 31, 2026 (the "Term").

3. RENTAL.

(a) Minimum Rent. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a minimum rental of One Hundred Seventy-Four Thousand Seven Hundred Eighty-Five Dollars (\$174,785.00) per month, as adjusted in accordance with the provisions of paragraph 4. The Minimum Rent is comprised of the elements shown on the Minimum Rent Schedule attached hereto as Exhibit "B." The Minimum Rent is payable in advance on the first day of each calendar month during the term hereof.

(b) Late Charge. Tenant acknowledges that Tenant's failure to pay any installment of Minimum Rent, or any other amounts due under this Lease as and when due may cause Landlord to incur costs not contemplated by Landlord when entering into this Lease, the exact nature and amount of which would be extremely difficult and impracticable to ascertain. Accordingly, if any installment of Minimum Rent or any other amount due under the Lease is not received by Landlord within fifteen (15) days of the date that such amounts are due and payable, then, without any notice to Tenant, Tenant shall pay to Landlord an amount equal to six percent (6%) of the past due amount, which the parties agree represents a fair and reasonable estimate of the costs incurred by Landlord as a result of the late payment by Tenant.

(c) Default Interest. In the event that Tenant shall fail to pay any amount of Minimum Rent, or any other monetary obligations owed to Landlord hereunder within fifteen (15) days of the date that such amounts are due and payable, Tenant shall pay to Landlord, in addition to such amounts, interest thereon at two percent (2%) above the "prime rate" of interest announced to the public from time to time by Citibank, F.S.B., or the maximum interest rate permitted by law, whichever is less, from the first day of the month in which such monetary obligation was payable to the date of actual payment thereof by Tenant to Landlord.

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4. RENTAL ADJUSTMENT. During the Term the Minimum Rent provided for in Section 3 herein shall be adjusted on January 1, 2004 and every two (2) years thereafter (each an "Adjustment Date") based on the change, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles-Anaheim-Riverside Area (Base Year 1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"). On each Adjustment Date hereafter, the Minimum Rent shall be adjusted as follows: The Minimum Rent shall be multiplied by a fraction, the numerator of which shall be the CPI published for the month that is three (3) months prior to the applicable Adjustment Date ("Adjustment CPI") and the denominator of which shall be the CPI of the calendar month that is three (3) months prior to the Commencement Date ("Beginning CPI"). In no event shall the Minimum Rent be reduced below, nor shall any increase exceed fifteen percent (15%) of, the Minimum Rent payable during the immediately preceding period. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the CPI in some other manner, then Landlord may adopt a substitute index or substitute procedure that reasonably achieves the same result as the foregoing procedure.

5. RENT ABATEMENT.

(a) Lease Space A. Landlord and Tenant acknowledge that Lease Space A identified on Exhibit "A" hereto is subject to an existing lease agreement between Landlord and Insurance Auto Auctions, Inc. (the "IAAI Lease"), and that Landlord's rights and obligations under the IAAI Lease are being assigned to and assumed by Tenant as noted in Recital C, above, and as provided by that certain Assignment and Assumption Agreement between Landlord and Tenant. Until the expiration of the term of the IAAI Lease (on May 31, 2004 or, if said term is extended under the provisions of the IAAI Lease, on May 31, 2009), or until such earlier date on which the IAAI Lease may be otherwise terminated, rent for Lease Space A shall be partially abated. The amount of such partial abatement of rent shall be the difference between (i) the amount of rent allocable to Lease Space A as indicated on Exhibit "B" hereto, as may be adjusted in accordance with Section 4 hereof, and (ii) the amount of rent for Lease Space A as provided in the IAAI Lease, as may be adjusted in accordance with Section 4 of the IAAI Lease. In no event shall the amount of the partial abatement of rent under this subsection increase beyond any increase that may result from the application of the "Rental Adjustment" provisions in Section 4 hereof and in Section 4 of the IAAI Lease. Notwithstanding the

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foregoing, the rent abatement period under this subsection shall cease and there shall be no further abatement of rent with respect to Lease Space A if, without the prior written consent of Landlord herein, (i) the tenant's interests under the IAAI Lease are assigned, (ii) all or any portion of the premises described in the IAAI Lease are subleased, or (iii) the terms of the IAAI Lease are amended.

(b) Lease Space C. Landlord and Tenant acknowledge that Lease Space C identified on Exhibit "A" hereto is currently subject to certain environmental setbacks and zoning restrictions, which effectively prevent the use of Lease Space C as a storage facility, which usage is contemplated by this Lease. Tenant agrees to use its best efforts and work diligently to submit to appropriate governmental authorities a request to modify the zoning requirements regarding Lease Space C so as to permit the use of Lease Space C as a storage facility. Until such time as Lease Space C is successfully rezoned so as to permit its use as a storage facility, or until such time as Tenant commences to use Lease Space C for any legal use (provided, however, that any proposed use of Lease Space C that is at variance with the provisions of Section 11 hereof shall be approved, in advance, in writing, by Landlord), rent for Lease Space C shall be abated. Landlord agrees to cooperate, as may be necessary, in processing Tenant's request for any zoning change or variance with respect to Lease Space C; however, Landlord reserves the right to accept or reject any and all terms, conditions or requirements imposed in connection with any such zoning modification.

(c) Nothing in Subsections 5(a) or (b), above, releases Tenant from any of its obligations under Sections 10, 11, 12, 13, 16, 21, 22, or any other provisions of this Lease.

6. SECURITY DEPOSIT.

(a) As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees that Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of One Hundred Five Thousand, Eight Hundred Fifty-Six Dollars (\$105,856.00), which sum shall be paid by Tenant to Landlord upon execution of this Lease.

(b) Upon termination of the abatement period set forth in Section 5(a) hereof, Tenant shall deposit with Landlord

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such additional sum as is necessary to increase the security deposit to an amount equal to one month's Minimum Rent, as adjusted in accordance with Section 4 hereof, less the abatement, if any, then applicable with respect to Lease Space C (as provided in Section 5(b) hereof).

(c) Upon termination of the abatement period set forth in Section 5(b) hereof, Tenant shall deposit with Landlord such additional sum as is necessary to increase the security deposit to an amount equal to one month's Minimum Rent, as adjusted in accordance with Section 4 hereof, less the abatement, if any, then applicable with respect to Lease Space A (as provided in Section 5(a) hereof).

(d) If Tenant exercises its option (under Section 7 hereof) to extend the Term of this Lease, then at the commencement of the First Extended Term (as defined in Section 7) Tenant shall deposit with Landlord such additional sum as is necessary to increase the security deposit to an amount equal to one month's Minimum Rent, as adjusted in accordance with Section 4 hereof, less the abatement, if any, then applicable with respect to Lease Space C (as provided in Section 5(b) hereof).

(e) If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit, without interest. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the Term or any extension thereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to an amount equal to one month's Minimum Rent, without abatement, adjusted in accordance with Section 4 hereof as of the date Tenant so restores the security deposit.

7. OPTION TO EXTEND TERM. Tenant is given one (1) option to extend the Term of this Lease on all the provisions contained in this Lease, except for the Term, for a period of nine (9) years ("First Extended Term"). The First Extended Term shall commence upon expiration of the initial Term, by Tenant's

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giving written notice of exercise of the option ("First Option Notice") to Landlord not less than six (6) months and not more than twelve (12) months prior to the expiration date of the initial Term; provided, however, that if Tenant is in default on the date of giving the First Option Notice, the First Option Notice shall be totally ineffective, or if Tenant is in default on the date the First Extended Term is to commence, the First Extended Term shall not commence and this Lease shall expire at the end of the initial Term. Tenant shall have no right to extend the Term beyond the First Extended Term.

8. TENANT'S RIGHT OF FIRST REFUSAL TO PURCHASE THE PREMISES.

(a) Landlord shall not, at any time prior to the expiration of the Term of this Lease, or any extension thereof, sell the Premises, or any interest therein, without first giving written notice thereof to Tenant, which notice is hereinafter referred to as "Notice of Sale." The Notice of Sale shall include the exact and complete terms of the proposed sale and, if applicable, shall attach a copy of the bona fide offer and counteroffer duly executed by both Landlord and the prospective purchaser.

(b) For a period of thirty (30) days after Tenant's receipt of the Notice of Sale, Tenant shall have the right to give written notice to Landlord of Tenant's exercise of Tenant's right to purchase the Premises, the interest proposed to be sold, or the property on which the Premises are a part, on the same terms, price and conditions as set forth in the Notice of Sale. If Tenant gives Landlord written notice of Tenant's exercise of the right granted herein, Tenant may also extend the proposed closing date for said purchase for a period of up to thirty (30) days. In the event that Landlord does not receive written notice of Tenant's exercise of the right herein granted within such thirty-day period, there shall be a conclusive presumption that Tenant has elected NOT to exercise its right hereunder, and Landlord may complete the sale to the prospective purchaser, on the same terms set forth in the Notice of Sale.

(c) Further, in the event that Tenant fails to exercise its right of first refusal after Tenant's receipt of the Notice of Sale, Landlord may consummate the proposed sale to the prospective purchaser identified in the Notice of Sale, or any other prospective purchaser, without affording Tenant any further notice, so long as (i) the sale price and/or the down payment are not more than five percent (5%) less than as set forth in the Notice of Sale; and (ii) the sale is consummated within two

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hundred ten (210) days of the date of the Notice of Sale. If the proposed sale price or the down payment is more than five percent (5%) less than the terms set forth in the Notice of Sale, or if the proposed sale to the prospective purchaser in the Notice of Sale is cancelled, or any other prospective sale is not consummated within two hundred ten (210) days, then the Tenant's right of first refusal shall be reinstated.

(d) Notwithstanding the foregoing, Landlord shall be free to convey, transfer or assign the Premises or any portion of its interest in the Premises without compliance with subsection (a) in the event that such conveyance, transfer or assignment is either: (i) made to any mortgagee of Landlord's fee estate in the Premises; (ii) made to any successor entity of Landlord pursuant to a sale, merger, reorganization or other acquisition of the assets of Landlord; or (iii) made pursuant to a taking by eminent domain or under threat of a taking by eminent domain.

(e) This right of first refusal cannot be exercised: (i) during the period commencing with the giving of any notice of default and continuing until said default is cured, (ii) during the period of time any rent is unpaid (without regard to whether notice thereof is given to Tenant), (iii) during the time Tenant is in breach of this Lease, or (iv) in the event that Tenant has been given three (3) or more notices of default, whether or not the defaults are cured, during the twelve (12)-month period immediately preceding the exercise of the right of first refusal.

(f) Notwithstanding the foregoing, any sale of the Premises, or any interest therein, as to which the Tenant's right of first refusal has not been exercised shall be subject to this Lease.

(g) Should Tenant fail to exercise the foregoing right of first refusal, or upon the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord, within five (5) days of Landlord's demand, a quitclaim deed covering any right, title or interest afforded Tenant pursuant to this section.

9. IMPROVEMENTS TO THE PREMISES.

(a) Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Landlord makes no representations or warranties as to the Premises, including without limitation the ability of Tenant to commence, continue or complete construction and operation of storage or any

other facilities at the Premises. Landlord shall not be responsible or liable in any manner whatsoever if Tenant is unable to commence, continue or complete construction and operation of storage or any other facilities. Tenant's entry into possession of the Premises shall be deemed its acceptance of the condition of the Premises.

(b) Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its operations; provided, however, that no improvements shall be made without Landlord's prior written approval, which approval may be given, denied or conditioned in Landlord's reasonable discretion; provided, further, that (i) construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and (ii) said improvements and construction thereof comply fully with all laws, ordinances, and governmental regulations applicable thereto.

(c) The following reasons for Landlord's denial or conditioning of approval for improvements proposed by Tenant shall be conclusively deemed reasonable: (i) the proposed improvements are incompatible with the permitted uses of the Premises under this Lease; (ii) approval of the proposed improvements would conflict with rights previously granted to others; (iii) Tenant has not obtained a necessary government approval for the proposed improvements; (iv) information Landlord requires to review the request for proposed improvements is incomplete or inadequate; (v) the proposed improvements would interfere with or require modifications to the Methane Gas Recovery System (defined in Section 15 hereof); or (vi) installation of the proposed improvements would violate an Environmental Law (defined in Section 21(c) hereof) or would increase the risk of the release of Hazardous Materials (defined in Section 21(c) hereof) into the environment.

(d) Subject to Tenant's obligations regarding grading and drainage as provided in Section 12 herein, Tenant shall not make and is hereby specifically prohibited from (i) making any improvements to or in connection with any waterway, creek or other source of water in, on or about the Premises or in any way using, diverting, damming or impounding any such source of water; (ii) making any improvements that penetrate the surface of the Premises; and (iii) making any improvements that alter,

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modify or impair the operation of the Methane Gas Recovery System on the Premises.

(e) Prior to making any improvements to the Premises or any portion thereof, Tenant shall provide Landlord with a complete set of working plans and specifications for the proposed improvements to the Premises and a proposed schedule for the construction of said improvements, which Landlord shall review within a reasonable time. Landlord's review of Tenant's plans and specifications, as well as Landlord's consent to the construction of the proposed improvements, shall not constitute a representation of the adequacy of the plans or specifications or expose Landlord to any liability. If Landlord's review of Tenant's proposed improvements requires Landlord to consult engineers or others with particular expertise applicable to the proposed improvements, then Landlord shall notify Tenant of Landlord's intent to consult such expert and shall provide Tenant with an estimate of the cost to retain the expert. Thereafter, if Tenant notifies Landlord that Tenant wishes to proceed with the proposed improvements, Tenant shall reimburse Landlord, within thirty (30) days after Landlord's invoice(s) to Tenant therefor, for all expenses of retaining such consultants and obtaining their advice regarding the proposed improvements.

(f) As a condition of Landlord's consent to Tenant's proposed construction of any improvements at the Premises, Tenant shall furnish a performance bond and a labor and material payment bond, naming Landlord as obligee, to Landlord prior to the commencement of any construction. The bonds shall be issued by an "admitted surety insurer" as defined in California Code of Civil Procedure §995.120 and shall be in an amount equal to one hundred percent (100%) of the estimated cost of construction.

(g) Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. On or before the date of expiration or termination of this Lease, Tenant shall remove all improvements made by Tenant and restore the Premises to substantially the same condition as of the Commencement Date, unless otherwise instructed by Landlord. If any improvements made by Tenant are, pursuant to Landlord's instructions, left on the Premises upon expiration or termination of this Lease, then title to such improvements shall forthwith vest in Landlord.

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10. TAXES AND ASSESSMENTS.

(a) Tenant shall pay or cause to be paid before delinquency all real and personal property taxes levied or assessed against the Premises, including without limitation all taxes assessed on account of any property installed by or for Tenant and regardless of how, why, or to whom such taxes are assessed. As long as Tenant is current in making all such tax payments, Tenant may contest the propriety or amount of any such taxes assessed against the Premises and shall be entitled to any rebate or refund awarded as a result of such proceedings; provided, however, that Tenant may dispute such assessments only with the applicable taxing authority.

(b) Notwithstanding the foregoing, as long as the rental abatement period provided for in Subsection 5(a) herein is in force, Landlord shall, upon receipt of the real property tax bill for the entire Premises, determine the portion of such taxes allocable to the land and improvements currently located on Lease Space A. Landlord's reasonable determination thereof, in good faith, shall be conclusive. After making such determination, Landlord shall submit an invoice to Tenant for an amount equal to (i) the total amount of real property taxes assessed for land and improvements on the entire Premises, less (ii) the amount of real property taxes allocated by Landlord to Lease Space A. Tenant's payment of such invoice shall be due within thirty (30) days. Any payment of taxes on the Premises by Landlord to the applicable taxing authority, under this subsection or otherwise, shall not relieve Tenant of any of its obligations under this section.

11. USE OF PREMISES.

(a) Tenant agrees that no portion of the Premises shall be used for any purpose except above-ground storage operations. Tenant agrees, at its own cost and expense, to comply with all permits, laws, rules, regulations, ordinances and statutes of any and all municipal, county, state and federal authorities that are now in effect or that may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use

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herein stated or any other use. Tenant acknowledges and agrees that it shall not store any property in, or otherwise interfere with use of, common access areas adjacent to the Premises. Tenant shall not install or use any water wells or other water collection facilities on, in or under the Premises.

(b) Tenant shall not commit waste upon or otherwise misuse the Premises, and shall carry on all its operations hereunder in accordance with all federal, state and local laws and ordinances regarding safety. Tenant acknowledges and agrees that Tenant and Tenant's guests, employees, invitees, agents, representatives or contractors are prohibited from bringing any firearms or explosives onto the Premises.

(c) Tenant shall not use or allow to be created any open flames on the Premises at any time.

12. MAINTENANCE AND REPAIR.

(a) Tenant shall at its own expense maintain and keep the Premises, fences, gates, or other improvements, if any, in good repair and condition throughout the Term and any extensions thereof. Tenant shall pay all costs of operation and maintenance, including landscaping and weed abatement, on the Premises, whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, contractors, licensees, or invitees. Without limiting the foregoing, Tenant shall immediately repair any damage to any landscaping installed by Landlord on the Premises or the property adjacent to the Premises, except damage caused entirely by Landlord, or its agents, officers or employees.

(b) Tenant shall maintain grading on the Premises to prevent any ponding of water and to create a positive flow of water to existing collection ditches and storm drains. Without limiting Tenant's obligation to maintain adequate drainage throughout the Premises, Landlord shall have access to the Premises at any time to inspect, maintain or alter existing water collection areas, sumps and pumps, and to install additional collection areas, sumps or pumps.

(c) Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises, except as provided by Section 15(c).

SPB

(d) Tenant waives all provisions of any law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations regarding the suitability of the Premises for its intended use and any right of Tenant to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents, after providing Tenant thirty (30) days' notice (or in cases of emergency, such shorter notice as is reasonable under the circumstances), may perform such maintenance or make repairs, and the cost of same shall, in Landlord's sole discretion, be (i) added to and become due as part of the next installment of Minimum Rent and shall be so paid by Tenant to Landlord as additional rent, or (ii) reimbursed to Landlord by Tenant within thirty (30) days of the date of Landlord's invoice to Tenant therefor, except as provided in Section 15(d).

(e) Upon the expiration of this Lease or upon any termination herein provided, unless Landlord directs otherwise, Tenant shall at its sole cost and expense remove from the Premises all improvements, buildings, structures, fences, and all of Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and leave the Premises in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly, safe and sanitary condition, and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

13. DAMAGE OR DESTRUCTION.

(a) If the Premises or any portion thereof, or any improvements or personal property thereon, shall be destroyed or damaged by any cause whatsoever, the following provisions shall apply:

(i) If the damage and/or repair of such damage does not interfere materially with the use of the Premises by Tenant; or if Tenant caused or is responsible for such damage; or Tenant is responsible for such repair, then this Lease shall remain in effect and there shall be no abatement of rent.

(ii) If the damage and/or repair of such damage interferes materially with, or prevents the use of the Premises by Tenant and Landlord is responsible for repair of such damage, there shall be a proportionate abatement of rent on account of such damage. The abatement of rent shall commence

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from the date on which Tenant gives Landlord written notice of such damage, and shall be based upon the impairment to Tenant's use of the Premises arising from the damage when compared with Tenant's use prior to the damage. The abatement shall continue until the Premises are restored. The decision to restore the Premises following any damage described in this subsection 13(a)(ii) shall be at the absolute and sole discretion of Landlord. If such damage occurs within the last three (3) years of the Term hereof (as may be extended) and Landlord elects not to restore the Premises, then Tenant may terminate this Lease.

(b) In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises or the improvements thereon.

(c) Without limiting the foregoing, in no event shall Landlord be liable for any injury or damage by reason of the flow of water upon the Premises or any part thereof from any ditch, stream or other watercourse or reservoir, or from any other source, whether by natural flow or otherwise.

14. ENTRY. Landlord and its agents shall have the right to enter the Premises and any structures thereon at any time in the case of an emergency, and otherwise at reasonable times, to examine and inspect the Premises, to exercise any of the rights of Landlord under this Lease, to post notices required or permitted by law, or to inspect, repair and/or maintain the Methane Gas Recovery System on the Premises (defined in Section 15 herein). Landlord shall have the right to enter any structures (including but not limited to buildings, trailers, and storage containers) at any time, without notice, for the purpose of detecting methane gas and otherwise performing Landlord's obligations with respect to the maintenance of the Methane Gas Recovery System. Tenant shall permit access by government authorities at any time to the water well and Methane Gas Recovery System. Landlord may show the Premises to prospective brokers, agents, tenants or purchasers and place and maintain "For Rent," "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

15. METHANE GAS RECOVERY SYSTEM.

(a) Tenant acknowledges that the Premises are located on a closed landfill and that present throughout the Premises is a methane gas monitoring and collection system with a

flare station, which collects and burns methane gas and condensate (the "Methane Gas Recovery System").

(b) Landlord and its agents and contractors shall be granted access to the Premises at any time to monitor the landfill and to inspect, maintain and/or repair the Methane Gas Recovery System, and/or to add new collection pipes or monitoring devices, or to upgrade the Methane Gas Recovery System.

(c) Tenant shall notify Landlord immediately of any damage to the Methane Gas Recovery System. Landlord shall be responsible for performing all maintenance, repair, improvement and modification of the Methane Gas Recovery System, and for repair of all property damage to the Premises resulting from such maintenance, repair, improvement or modification. Tenant acknowledges and agrees that there may be circumstances where maintenance, repair, improvement or modification of the Methane Gas Recovery System may render complete restoration of the affected portion of the Premises economically infeasible, and in such event Landlord shall have no obligation to restore or repair the Premises. If Landlord decides under such circumstances not to restore or repair the Premises and such decision materially interferes with Tenant's use of the Premises, Tenant's sole remedy shall be an abatement of rent in proportion to the reduction in utility of the Premises, unless Landlord's decision not to restore or repair the Premises occurs within the last three (3) years of the Term hereof (as may be extended), in which case Tenant may terminate this Lease.

(d) If damage to the Methane Gas Recovery System is caused by Tenant or its agents, contractors, licensees or invitees, then Tenant shall reimburse Landlord for the cost of such repairs within thirty (30) days of the date of Landlord's invoice to Tenant therefor.

16. SAFETY.

(a) Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping, waste, nuisance or similar activities on the Premises.

(b) Tenant agrees at all times during the term of the Lease that it will comply with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Safety and Health Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (collectively, the "Acts"),

to the extent that the Acts apply to the Premises and any activities thereon, except for the Methane Gas Recovery System, which is the sole responsibility of Landlord. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Tenant shall at all times keep and maintain a clear fire safety road on the Premises, providing access to all fire hydrants thereon, which shall comply fully with all applicable laws, regulations, and orders.

17. CONDEMNATION.

(a) If all of the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all future liabilities accrued under this Lease.

(b) In the event that any portion of the Premises is so taken, and the taking does not materially interfere with Tenant's intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. In the event that a partial taking of the Premises materially interferes with Tenant's intended use hereunder, then the rent shall be reduced in proportion to the reduction in utility of the Premises caused by such condemnation. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

(c) In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to recover from Landlord all prepaid rent, if any, proportionate to the percentage of the taking, and Tenant shall be entitled to receive any amount awarded as compensation for the taking of personal property, fixtures and equipment owned by Tenant, for business goodwill or

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for disruption of Tenant's business. Landlord and Tenant shall each be responsible hereunder for presenting and prosecuting to the appropriate governmental authority their respective claims hereunder for compensation in the event of such a taking.

18. CONSENTS AND WAIVERS. The giving of any consent hereunder by Landlord, or the waiver of any requirement of Landlord's consent, or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission of Landlord, nor acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon Tenant's full and complete performance of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

19. LIENS. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises. If any such lien shall be asserted against the Premises or if any execution or judgment against Tenant shall be levied against the Premises or against any interest therein, then Tenant, within thirty (30) days after such lien, claim or levy, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of such lien, claim or levy. Nothing herein shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim, or levy, provided that Tenant furnishes to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, cost or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

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20. DEFENSE, INDEMNIFICATION AND EXCULPATION.

(a) Tenant's Obligation to Defend Landlord. Except as provided in subparagraphs (c) and (d), Tenant shall defend the Landlord and its parents, subsidiaries, affiliates and their respective officers, directors, attorneys, agents and employees (each an "Indemnatee") from and against any and all claims, actions, damages, demands, losses, liabilities, expenses and costs (including, but not limited to, reasonable attorneys' fees) of every nature and character (all collectively "Claims") that arise in whole or in part from, out of, or in connection with Tenant's occupancy or use of the Premises, any operations of Tenant or any subtenant on the Premises, the failure of Tenant or any subtenant to observe and follow safety regulations, or otherwise arising in whole or in part from, out of, or in connection with this Lease, Tenant's obligations hereunder, or the entry onto or use of the Premises by Tenant, its agents, subtenants, employees, invitees, licensees or contractors. Tenant shall also defend Indemnitees from any and all claims arising in whole or in part from, out of, or in connection with an alleged exposure of Tenant or its agents, subtenants, employees, invitees, affiliates, contractors, or their property to fumes, gases, or other Hazardous Materials (as hereinafter defined) currently existing on, in, or about the Premises. The foregoing obligation to defend shall include, but shall not be limited to, Claims asserting negligence, gross negligence and/or willful misconduct on the part of some or all of the Indemnitees; provided, however, that Tenant's obligation to defend Indemnitees against any claim of gross negligence and/or willful misconduct shall be suspended at such time as the plaintiff, petitioner or claimant, as applicable, asserting such claim against Indemnitees establishes, to the satisfaction of counsel retained to defend Indemnitees against such claim, the probable validity of such claim. For purposes of this subsection, a claim has "probable validity" where it is more likely than not that the plaintiff will obtain a judgment against the defendant on that claim. Tenant's obligation to defend Indemnitees against any such claim shall terminate upon final judgment against Indemnitees based on a finding of gross negligence and/or willful misconduct on the part of some or all of the Indemnitees. In the event of a final judgment based on a finding in favor of Indemnitees on a claim of gross negligence and/or willful misconduct against Indemnitees, Indemnitees shall have the right to recover from Tenant their costs of defense, if any, incurred following any suspension of Tenant's obligation to defend Indemnitees pursuant to this subsection. In the event the Indemnitees, or any of them, are made party to any litigation, arbitration or other proceeding arising from a Claim for which Tenant is obligated to defend the

Indemnitees under the terms hereof, Tenant shall defend the Indemnitees with the attorney of Landlord's choice and pay all reasonable costs, expenses and attorneys' fees incurred by the Indemnitees in connection therewith.

(b) Tenant's Obligation to Indemnify Landlord. Except as provided in subparagraphs (c) and (d), Tenant shall indemnify and hold harmless Indemnitees from and against any and all Claims that arise in whole or in part from, out of, or in connection with Tenant's occupancy or use of the Premises, any operations of Tenant or any subtenant on the Premises, the failure of Tenant or any subtenant to observe and follow safety regulations, or otherwise arising in whole or in part from, out of, or in connection with this Lease, Tenant's obligations hereunder, or the entry onto or use of the Premises by Tenant, its agents, subtenants, employees, invitees, licensees or contractors, unless such claims arise from the sole negligence or willful misconduct of an Indemnitee. Payment shall not be a condition precedent to recovery under the foregoing indemnity.

(c) Limitation on Tenant's Obligation to Indemnify Landlord. Unless the claim arises from the negligence or willful misconduct of Tenant, Tenant shall not be obligated to indemnify or hold harmless Landlord from claims that arise from: (i) Landlord's failure to maintain, restore, or repair the Methane Gas Recovery System in accordance with applicable law; or (ii) Landlord's failure to remediate any environmental condition for which Landlord is responsible under this Lease.

(d) Landlord's Obligation to Indemnify Tenant. Landlord shall indemnify and hold harmless Tenant and its parents, subsidiaries, affiliates and their respective officers, directors, attorneys, agents and employees from and against any and all claims, damages, demands, losses and/or judgments that arise from, out of, or in connection with Landlord's failure to: (i) maintain, restore or repair the Methane Gas Recovery System; or (ii) remediate any environmental condition for which Landlord is responsible under this Lease, except to the extent such Claims arise from the negligence or willful misconduct of Tenant, and provided that such claim involves a monetary loss in excess of Fifty Thousand Dollars (\$50,000). Further, Landlord shall indemnify and hold harmless Tenant from any and all claims, damages, demands, losses and judgments arising from Hazardous Materials that exist below the surface of the Premises as of the Commencement Date, provided that Tenant did not disturb or do any act to exacerbate such Hazardous Materials. In the event that Tenant is made a party to any litigation commenced against Landlord arising from the foregoing and Landlord is obligated to

SPB

indemnify and hold harmless Tenant, Landlord shall reimburse Tenant for the reasonable attorneys' fees and defense costs actually incurred or paid by Tenant in connection with such action.

(e) Tenant's Exculpation of Landlord. Tenant hereby releases the Indemnitees from any and all liability for any claims for personal injury, wrongful death, or property damage, to the extent such claims are covered by Tenant's insurance, even if such claims involve an assertion of negligence on the part of some or all of the Indemnitees.

(f) Limitation on Liability. In consideration of the benefits accruing hereunder to Tenant and notwithstanding anything contained in this Lease to the contrary, Tenant hereby covenants and agrees for itself and all of its successors and assigns that the liability of Landlord for its obligations under this Lease (including any liability as a result of any actual or alleged failure, breach or default hereunder by Landlord) shall be limited solely to, and Tenant's and its successors' and assigns' sole and exclusive remedy shall be against, Landlord's interests in the Premises and proceeds therefrom, and no other assets of Landlord. Tenant expressly waives any claim for incidental or consequential damages against Landlord.

(g) Survival. The provisions of this section shall survive until such time as actions against the Indemnitees on account of any Claim shall have been barred by applicable statutes of limitation.

(h) Insurance. Nothing in this section shall alter the parties' obligations with respect to insurance, as set forth in Section 22 hereof.

21. HAZARDOUS MATERIALS.

(a) Tenant.

Landlord:

(i) Tenant warrants and represents to

1) Tenant's business operations on the Premises shall not involve the use, storage or generation of "Hazardous Materials," as hereinafter defined;

2) Tenant shall not permit any Hazardous Materials to be brought upon,

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stored, manufactured, or disposed on or transported from the Premises, except in quantities normally associated with Tenant's permissible uses of the Premises and as incidentally related to the operation and maintenance of the Premises and equipment located therein, such as small amounts of ordinary office supplies, pesticides, insecticides or cleaning supplies used in Tenant's maintenance of the Premises, which substances shall be stored and used in accordance with applicable laws and regulations and used in a prudent manner; and

3) Tenant shall at all times be in compliance with all Environmental Laws (as hereinafter defined) applicable to the Premises.

(ii) Tenant shall indemnify, defend and hold Landlord harmless against any and all claims, damages, enforcement actions, remedial actions, liabilities, losses, costs and expenses arising out of the presence of any Hazardous Materials on the Premises attributable to Tenant or Tenant's operations.

(iii) Landlord shall have the right to enter the Premises to conduct an environmental assessment at any time during the Term and any extensions thereof. If Hazardous Materials for which Tenant is responsible are detected, Tenant shall pay for the cost of such assessment. Tenant shall be required to take all remedial action necessary to ensure clean up of any Hazardous Materials present on the Premises for which Tenant is responsible and to comply with all Environmental Laws (as hereinafter defined) applicable at the end of the Term, as may be extended hereunder.

(b) Landlord.

(i) Tenant acknowledges that the Premises are located on a closed landfill and that certain Hazardous Materials (as hereinafter defined) may exist beneath the surface of the Premises as a result of the prior use of the Premises as a landfill. Tenant also acknowledges that fumes, gases and other substances may be present in, on or about the Premises as a result of the prior use of the Premises. Finally, Tenant acknowledges that weather and climate shifts may, from time to time, exacerbate or alleviate the effects of such fumes, gases

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and substances. Except as set forth in this paragraph and Paragraph 20, Tenant shall not be responsible under applicable Environmental Laws (as hereinafter defined) for Hazardous Materials existing beneath the surface of the Premises as of the Commencement Date, as long as Tenant does nothing to disturb such subsurface Hazardous Materials.

(ii) Landlord reserves the right to reclaim and retake possession of the Premises, or any portion thereof, to such extent and for such time as may be necessary to comply with any environmental remediation measures deemed to be necessary, in Landlord's discretion, pertaining to the Premises. In the event that such remediation measures require Landlord's partial or full reclamation of the Premises, which, in turn, interferes substantially with or prevents Tenant's use of the Premises, Tenant shall be entitled to a proportionate abatement of rent for such time and to such extent as Tenant's use of the Premises is so impaired. Tenant shall be allowed access to the Premises, if required, during any such reclamation period only if approved by Landlord in advance, which approval shall not be unreasonably withheld or delayed.

(c) Definitions.

(i) The term "Hazardous Material(s)" shall mean any chemical, substance, material, condition and/or combination thereof that is or may be hazardous to human health or safety or to the environment, or that are now or become in the future listed, defined or regulated in any manner, based directly or indirectly upon such properties or effects, pursuant to any applicable Environmental Law.

(ii) The term "Environmental Law(s)" shall mean any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, court decisions, ordinances, rules, codes, judicial or administrative orders or decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future, which are or become applicable to Tenant, Tenant's operations or the Premises.

(d) The provisions of this Section shall be in addition to, and shall not diminish in any way, any other provision of this Lease requiring Tenant's compliance with law or Tenant's obligation to defend, indemnify, and hold Landlord harmless.

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22. INSURANCE.

(a) Tenant shall keep and maintain in full force and effect during the term of this Lease the following policies of insurance:

(i) Comprehensive general liability insurance with coverages including Premises/Operations, Products/Completed Operations, Blanket Contractual, Owner's and Contractor's Protective, and Personal Injury, and with limits of not less than Five Million Dollars (\$5,000,000.00) combined single limit and annual aggregate for Bodily Injury and Property Damage, which limits shall apply separately to the Premises, and

(ii) Comprehensive automobile liability insurance, covering all owned, licensed and hired autos and trucks and non-owned autos and trucks, and with limits of One Million Dollars (\$1,000,000.00) combined single limit per accident for Bodily Injury and Property Damage, and

(iii) Workers' compensation and employer's liability insurance covering all of Tenant's employees, with limits for workers' compensation as required by law and limits for employer's liability of not less than One Million Dollars (\$1,000,000.00) per occurrence, with a waiver of subrogation as to Landlord and its parents, subsidiaries, affiliates and contractors, and their respective officers, directors, attorneys, agents and employees.

(b) Each general liability and automobile liability policy shall (i) be endorsed to provide coverage as additional insureds, to the same extent as the named insured, to Landlord and its parents, subsidiaries, affiliates and contractors, and their respective officers, directors, attorneys, agents and employees; (ii) contain a severability of interest provision allowing Landlord and the other additional insureds to recover on a claim covered by the policy notwithstanding that they are additional insureds; and (iii) provide that the insurance afforded to the additional insureds under the policy shall be primary insurance and shall not be contributory in any way with insurance or self insurance maintained by the additional insureds; and (iv) contain a waiver of subrogation as to Landlord and its parents, subsidiaries, affiliates and contractors, and their respective officers, directors, attorneys, agents and employees. The liability insurance policies described above shall be issued by companies approved to do business in California and that have a current A.M. Best Company rating of at least A-/VII. Prior to commencement of this Lease and at all

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times during the Term and any extensions thereof, Tenant shall provide Landlord with certificates of insurance, including copies of the required endorsements, evidencing that the foregoing insurance is in effect. Each certificate will provide for at least thirty (30) days prior written notice to Landlord of cancellation, termination or material change. Insurance written on a claims made form shall be endorsed to provide an extended reporting period of not less than five (5) years following termination of this Lease. Insurance requirements shall be subject to reasonable revision by Landlord.

23. DEFAULT.

(a) Each of the following events, if it occurs during the Term or any extension thereof, shall constitute an "Event of Default" under this Lease:

(i) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within five (5) business days after being served with written notice thereof by Landlord;

(ii) Tenant shall make an assignment for the benefit of creditors;

(iii) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute which is not dismissed within ninety (90) days of filing;

(iv) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within sixty (60) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(v) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within ninety (90) days from filing or appointment thereof; or

(vi) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall

SPB

continue for thirty (30) days after written notice thereof given by Landlord to Tenant; provided, however, that if Tenant, within said thirty (30)-day period, commences to cure a default that takes more than thirty (30) days to cure completely, then Tenant shall have a reasonable time to complete such cure.

(b) If an Event of Default shall occur, then Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises and remove all persons therefrom, and all right, title and interest of the Tenant in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent that had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent that would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

(c) The "worth at the time of award" of the amounts referred to in subparagraphs (b)(i) and (ii) of this Section is computed by allowing interest at the maximum rate an

SPB

individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (b)(iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(d) Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all its rights and remedies under this Lease, including the right to recover the Rent as it becomes due under the Lease and the right to demand and collect any and all rent due under any subleases. Landlord shall not be deemed to have terminated this Lease by its acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that Landlord has elected to terminate the Lease; and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

24. HOLDING OVER. Should Tenant continue to use the Premises after the Term hereof, with the consent of Landlord thereto, either express or implied, such continued use shall be considered a tenancy from month to month subject to all the terms of this Lease pertaining to the obligations of Tenant, but all options and rights of first refusal, if any, granted to Tenant under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy, and the monthly rent shall be charged to Tenant at the rate of 150% of the Minimum Rent as of the expiration of the Term of the Lease during the holdover period.

25. NOTICES. All notices, demands, and requests under this Lease by either party shall be sent by United States first class mail, certified or express, postage prepaid, or personally delivered (including delivery by a national express courier such as Federal Express, U.P.S., etc.) addressed to the parties as follows:

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To Landlord: CalMat Properties Co.
c/o Vulcan Materials Company
Western Division
P.O. Box 39756
Los Angeles, CA 90039
Attn: Sheri Ortega, Property Manager
Telephone: (323) 474-3607
Facsimile: (323) 254-1191

To Tenant: Laurel Canyon Holdings, LLC

Personal Privacy

Attn: Stephen F. Botsford,
Managing Member

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

26. ASSIGNMENT AND SUBLETTING.

(a) Except for personal and recreational vehicle storage spaces, Tenant shall not voluntarily, involuntarily, or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord, which consent shall not be unreasonably withheld or delayed. Landlord hereby consents to the sublease of portions of the Premises for personal and recreational vehicle storage. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this section.

(b) As a precondition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

(i) The name and legal composition of the proposed transferee;

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(ii) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;

(iii) Such information as to the proposed transferee's financial responsibility, business experience and standing as Landlord may reasonably require;

(iv) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer;

(v) All of the terms and conditions upon which the proposed transfer is to be made; and

(vi) Check made payable to Landlord in the following amount, as applicable, for Landlord's administrative and review costs: \$1,000 for each proposed transfer submitted before January 1, 2007; \$1,500 for each proposed transfer submitted between January 1, 2007 and January 1, 2012; \$2,000 for each proposed transfer submitted between January 1, 2012 and January 1, 2017; and \$2,500 for each proposed transfer submitted after January 1, 2017.

(c) No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease becomes effective for any purpose, transferees (except for persons renting personal or recreational vehicle storage space) must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

(d) In the event of default by any transferee of Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee. Tenant waives notice of any default of any transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto, and

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such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgment that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

(e) Tenant immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant (or a receiver for Tenant appointed on Landlord's application) may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an Event of Default by Tenant, Tenant shall have the right to collect such rent. Landlord shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of rent, be deemed liable to the transferee for any failure of Tenant to perform and comply with any of Tenant's obligations to such transferee. Tenant hereby irrevocably authorizes and directs any such transferee, upon receipt of a written notice from Landlord stating that an Event of Default exists in the performance of Tenant's obligations under this Lease, to pay Landlord all rent due and to become due under the sublease. Transferee shall rely upon any such notice from Landlord and shall pay all rents to Landlord without any obligation or right to inquire as to whether such Default exists, notwithstanding any claim from Tenant to the contrary.

(f) If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one such person or entity comprising Tenant to another shall be deemed a voluntary transfer.

(g) If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than

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50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

27. UTILITIES AND SERVICES. Landlord makes no representation or warranty regarding the availability of utilities to the Premises. All existing utilities currently provided to the Premises to support the Methane Gas Recovery System shall remain in place, and Landlord shall have the right to modify the level or quality of services provided for this purpose, as may be required for the maintenance, upgrade or repair of the Methane Gas Recovery System. On or before the Commencement Date, Tenant shall, at its sole cost, make all arrangements for providing water, utilities and services required for or in connection with Tenant's operations on the Premises. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, diesel, telephone, and all similar charges which may accrue with respect to Tenant's operations on the Premises during the Term of this Lease, as may be extended. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall, in Landlord's sole discretion, be (a) added to and become due as part of the next installment of Minimum Rent and shall be so paid by Tenant to Landlord as additional rent, or (b) reimbursed to Landlord by Tenant within thirty (30) days of the date of Landlord's invoice to Tenant therefor.

28. INSOLVENCY OF TENANT. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

29. TRANSFER OF LANDLORD'S INTEREST. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

30. SUBORDINATION, ATTORNMENT, NON-DISTURBANCE.

(a) Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

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(b) Subject to the non-disturbance provisions of subsection (c), below, Tenant agrees to attorn to a lender or any other party who acquires ownership of the Premises by reason of a foreclosure of a mortgage or deed of trust or other security device, and that in the event of such foreclosure, such new owner shall not: (i) be liable for any act or omission of Landlord or its successors, or with respect to events occurring prior to acquisition of ownership; (ii) be subject to any offsets or defenses that Tenant might have against Landlord or its successors; or (iii) be bound by prepayment of more than one (1) month's rent.

(c) With respect to any mortgage, deed of trust, or other security device entered into by Landlord after execution of this Lease, Tenant's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement from the lender, which non-disturbance agreement shall provide that Tenant's possession of the Premises, and this Lease, including any options to extend the Term hereof, will not be disturbed so long as Tenant is not in default hereof and attorns to the record owner of the Premises.

31. SIGNS.

(a) Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld or delayed. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

(b) Within thirty (30) days after the execution of this Lease by both parties, Landlord shall remove from the Premises all signs bearing the name "CalMat," "Vulcan Materials," or any derivative thereof.

32. INTERPRETATION. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held

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by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only. Unless the context of this Lease clearly requires otherwise, (a) the plural and singular numbers shall each be deemed to include the other; (b) the masculine, feminine and neuter genders shall each be deemed to include the others; (c) "or" is not exclusive; and (d) "includes" and "including" are not limiting.

33. SUCCESSORS AND ASSIGNS. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

34. COST OF LITIGATION. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses, including attorneys' fees, from the other party.

35. QUIET POSSESSION. Landlord warrants that Tenant on paying the Minimum Rent and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

36. QUITCLAIM DEED. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

37. RELATIONS OF PARTIES. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

38. REAL ESTATE BROKERS; FINDERS. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting

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from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

39. ENTIRE AGREEMENT. This Lease and the documents mentioned in Recitals C and D hereof constitute the final, complete and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous understandings or agreements of the parties regarding the subject matter of this Lease. No party has been induced to enter into this Lease by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Lease.


40. RECORDING. Landlord and Tenant shall execute, acknowledge and deliver a short form version of this Lease in the form of Exhibit "C" attached hereto, and shall cause the same to be recorded in the county in which the Premises are located, as notice of the existence of this Lease and of the rights, title and interests of Landlord and Tenant hereunder.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

CALMAT PROPERTIES CO.

By

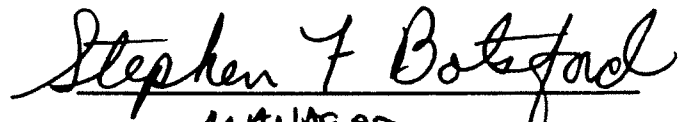

V.P. Business Development

By

TENANT:

LAUREL CANYON HOLDINGS, LLC

By


MANAGER

By

Exhibit B
Minimum Rent Schedule
7361 Laurel Canyon Blvd., North Hollywood, CA

	<u>Monthly Rent</u>
Lease Space A	66,664
Lease Space B	75,690
Lease Space C	32,430
Total	<u><u>174,784</u></u>

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Vulcan
Materials Company
WESTERN DIVISION

Vulcan Materials Co.
Original Signature Copy

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ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT is executed and entered into by and between **CALMAT PROPERTIES CO.**, a California corporation, ("**Assignor**") and **LAUREL CANYON HOLDINGS, LLC**, a Nevada limited liability company ("**Assignee**");

RECITALS

A. Assignor and Assignee have entered into a Master Lease Agreement ("**Master Lease**") pursuant to which Assignees have agreed to lease the parcels of real property commonly described as: Hewitt Site, 7361 Laurel Canyon Boulevard, North Hollywood, California, together with the improvements situated thereon, and all appurtenances thereto (the "**Property**"). Said Property is more particularly described on Exhibit "A" which is attached hereto and incorporated herein.

B. Assignor, as Lessor, has previously entered into various leases (the "**Existing Leases**") with the persons and entities identified on the schedule which is attached as Exhibit "B," as Lessees, covering certain portions of the Property and some of the improvements situated thereon. A true and correct copy of that certain Existing Lease identified in the Master Lease as the "**IAAI Lease**" is attached hereto as Exhibit "C" and made a part hereof.

C. Assignor has accepted and retained security deposits and other deposits from Lessees under the Existing Leases.

D. Pursuant to the Master Lease, Assignor has agreed to convey to Assignees all right, title and interest in and to the Existing Leases and all unforfeited security and other deposits for the Existing Leases.

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING AND FOR GOOD AND OTHER VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, assignor and assignee agree as follows:

1. ASSIGNMENT

Assignor hereby GRANTS, SELLS, CONVEYS, ASSIGNS, TRANSFERS, SETS OVER and DELIVERS unto Assignee, its successors and assigns, all of Assignor's right, title and interest in and to the Existing Leases, security deposits and other deposits including, without limitation, all of the rights, powers, estates and privileges of Assignors in, to and under the Existing Leases as of the Commencement Date specified in the Master Lease (the "Effective Date"); provided, however, that Assignor shall retain the right to recover any unpaid rent, interest and/or late charges that may be due under the Existing Leases as of the Effective Date.

2. ASSUMPTION

In consideration of the foregoing and for other good and valuable consideration, Assignee hereby assumes and agrees to perform all of the Lessor's covenants, conditions and obligations under the Existing Leases after the Effective Date; provided, however, that Assignee shall not have any obligation to maintain the Methane Gas Recovery System at the Property, and provided further that the liabilities and responsibilities of the Assignor and Assignee with regard to Hazardous Materials that exist on, in or about the Property as of the Effective Date shall be as set forth in the Master Lease.

3. NOTICE TO LESSEES

Within thirty (30) days following the Effective Date, Assignor shall give notice to the Lessees under the Existing Leases that Assignee has acquired an interest in the Property and owns the Lessor's interest in the Existing Leases. Further, Assignee agrees to remove all signs containing the names Vulcan Materials Company, and Calmat, and any derivative thereof, from the Property within thirty (30) days following the Effective Date.

4. ASSIGNOR'S COVENANT AND DISCLAIMER OF WARRANTIES

Assignor covenants that the Existing Leases are in full force and effect and that there are no defaults under the Existing Leases except as set forth on the schedule which is attached as Exhibit "D." Further, Assignor represents and warrants that the lease attached hereto as Exhibit "C" is a true

and correct copy of the IAAI Lease. Except as set forth above, Assignor makes no other representation or warranty with respect to the Existing Leases.

5. INDEMNITY

a. By Assignor. Assignor hereby covenants and agrees to indemnify, save and hold harmless Assignee from and against any and all liability, claims or causes of action existing in favor of or asserted by any party to any of the Existing Leases or by any third party, arising out of or relating to Assignor's failure to perform any of its obligations under the Existing Leases prior to the date hereof.

b. By Assignee. Assignee hereby covenants and agrees to indemnify, save and hold harmless Assignor from and against any and all liability, claims or causes of action existing in favor of or asserted by any party to any of the Existing Leases or by any third party, arising out of or relating to Assignee's failure to perform any of its obligations under the Existing Leases after the date hereof.

6. MISCELLANEOUS

a. Waivers. No waiver or breach of any covenant or provision shall be deemed a waiver of any other covenant or provision. No waiver shall be valid unless in writing and executed by the waiving party.

b. Binding on Successors. All of the covenants, terms and conditions set forth herein, shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

c. Entire Agreement. This Agreement constitutes the final, complete and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter hereof and supersedes all prior offers, negotiations and understandings and agreements of the parties with respect to the subject matter hereof.

d. Severability. If any term or provision of this Assignment shall be held invalid or unenforceable, such provision shall be severed from this agreement, and the remainder of this Assignment shall not be affected.

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e. **Construction.** This Agreement shall not be construed as if it had been prepared by one of the parties but, rather, as if both parties prepared the Agreement.

f. **References.** The singular includes the plural, and the neuter includes the masculine and the feminine. If more than one executes this Agreement, the term Debtor shall be deemed to refer to each of the undersigned as well as to all of them, and their obligations and agreements hereunder shall be joint and several.

g. **Choice of Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of California.

h. **Counterparts.** This Assignment may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same agreement.

i. **Amendments.** This Agreement may not be amended or altered except by written instrument executed by the parties.

j. **Notices.** All notices, requests, demands and other communications hereunder shall be in writing, may be delivered in person, by mail or private courier or by facsimile, telegraphic or other electronic means and shall be deemed to have been duly given and to have become effective (a) upon receipt if delivered in person, by private courier or by facsimile, telegraphic or other electronic means, or (b) three (3) days after having been deposited in the mails as certified or registered matter, all fees prepaid, directed to the parties at the following addresses (or at such other address as shall have been given in writing by a party hereto):

If to Assignee:

LAUREL CANYON HOLDINGS, LLC

Personal Privacy

Attn: Stephen F. Botsford, Managing Member

Personal Privacy

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If to Assignor: CALMAT PROPERTIES CO.
c/o Vulcan Materials Company
Western Division
P.O. Box 39756
Los Angeles, CA 90039
Attn: Sheri Ortega, Property Manager
Telephone: (323) 474-3607
Facsimile: (323) 254-1191

k. **Further Assurances.** Whenever requested to do so by the other party, each party shall execute, acknowledge and deliver any further instruments, approvals, consents or such other documents that are necessary, expedient or proper to complete the transaction contemplated by this Agreement. In addition, each party shall do any other acts and execute, acknowledge and deliver any requested documents in order to carry out the intent and purpose of this Agreement.

l. **Attorneys' Fees.** In the event of any litigation between Assignor and Assignee arising out of the obligations created by this Assignment or concerning interpretation of any of its provisions, the losing party shall pay the prevailing party's costs and expenses of litigation, including reasonable attorneys' fees.

THIS AGREEMENT is dated as of the 22 day of December, 2001.

ASSIGNOR:

CALMAT PROPERTIES CO.,
a California corporation

By Michael Linker
Name Michael Linker
Title V.P. Business Development

ASSIGNEE:

LAUREL CANYON HOLDINGS,
LLC, a Nevada limited liability company

By Stephen F. Botsford
Name Stephen F. Botsford
Title Manager

Exhibits to Assignment and Assumption Agreement

Exhibit A – Property Description

Exhibit B – Schedule of Existing Leases

Exhibit C – Copy of IAAI Lease

Exhibit D – Defaults Under Existing Leases

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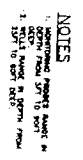
EXHIBIT "A"

***TR*22668* LOT COM SE ON NE LINE OF SPRR R/W 71.29 FT FROM
INTERSECTION OF SD NE LINE WITH NE LINE OF HOLLYWOOD
FRWY (PER MM 271) TH N 39°05'36" W 42.66 FT TH N 30°03' W 139.79
FT TH N 23°17'45" W 42.26 FT TH N 14°05'20" W 48.15 FT TH N
21°08'74" W 870.64 FT TH W TO C/L OF WHITSETT (VAC) AVE TH N
ON SD C/L TO SE LINE OF WHITSETT AVE TH NE THEREON TO NW
LINE OF LOT 1 TH NE AND FOLLOWING BDRY LINE OF SD LOT TO
BEG POR OF VAC ST AND POR OF LOT 1**

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1. REOPENING PROJECTS AROUND IN DEPTH FROM SUR TO PORT DEEP.
2. REELS AROUND IN DEPTH FROM SUR TO PORT DEEP.

1	WHEEL
2	SALE
3	MOBILE
4	ABOUT 2000 PART
5	UNDERGROUND PIPE
6	WAVE
7	WELL
8	POWELL'S WELL
9	WORTHINGTON ROAD
10	200000 PART
11	CONCRETE STONE

TOTAL AREA - 84.9 ACRES

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
F-01	ABRAMOVITCH ABRAHAM
C-12	ABRAMS, GLORIA
G-64	AFRIMI ZVIKA
G-65	AFRIMI ZVIKA
G-21	AGUILA STEPHANIE
RV-211	ALBIN, HOMER G.
RV-314	ALBOR, LEROY
G-49	ALFONSO, LUIS
O-327	ALL SAINTS HEALTH CARE
B-29	ALLEN, LIBERTY
G-15	AMERICAN BEST APPLIANCE
G-24	AMMAN KATHY
G-58	AMMAN KATHY
G-59	AMMAN KATHY
RV-516	ANDERSON, NOLAN
H-27	ANTHONY ROBIN / MARGARET
B-23	ANUGWOM RUSSELL
F-18	ARANA, EFRAIN
H-41	ARBELAEZ, GEYMAN
H-42	ARBELAEZ, GEYMAN
G-20	ARTEAGA ESTRADA SANDRA
RV-407	AUSTIN EARL
RV-515	AYUSO LAWRENCE
RV-060	BAILEY WILLIAM P
RV-714	BAKER, ALAN D
C-14	BALASCO BODINE
RV-221	BARKS, JAMES R.
O-500	BARNES JOHN
D-28	BARRERO, DAVID
F-30	BARTROFF, LARRY
E-20	BAUGHAN, KRISANDRA G.
C-06	BECK LISA
RV-308	BELL PAULA
B-13	BENDEHAN SAMUEL
A-26	BENNETT, RICHARD
D-21	BERLINER PATRICIA
RV-502	BERRIOLOPE, BEN
A-04	BILL SCOTT & ASSOCIATE
RV-315	BIRCH JACK
G-07	BIRD, JOSEPHINE
RV-316	BLEVINS, GENE
A-12	BLOUNT ANGELA
F-21	BOGUSE ALAN
RV-703	BOGUSE, ALAN
H-52	BOHRES SCOTT C.

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
RV-300	BOHRES SCOTT C.
RV-059	BOLDEN DONALD
B-12	BOOTHE EUGENE B
RV-415	BORTHWICK, GEORGE W
RV-402	BOUDAE DANIEL
RV-614	BOWMAN, TOM
RV-325	BOWREN, W.F.
A-05	BRICKER, TRACY
H-11	BRICKER, TRACY
H-12	BRICKER, TRACY
G-43	BROWN GLEN
H-07	BROWN MILTON
H-08	BROWN MILTON
H-39	BROWN, MILTON
G-25	BRYANT, JOYCE
C-18	BRYSON, LANA
F-02	BUACHAREPN KOSIT
A-32	BUACHARERN NENITA
A-33	BUACHARERN NENITA
C-30	BUACHARERN NENITA
RV-405	BUZY THOMAS L.
RV-602	BURGER W.J.
B-01	BYER, CHRISTOPHER
G-22	CABRERA, ANGEL
G-36	CALANCHE, BRUNO
F-39	CALANDRE BRUNO
G-37	CALANDRE BRUNO
C-01	CALMAT STORAGE
O-349	CALMAT STORAGE
F-40	CAMACHO MARCO ENRIQUE
C-27	CAMACHO, MARCO E.
RV-056	CAMRON WILLIAM
O-364	CANO RAUL
O-358	CARRILLO RAFAEL
A-11	CARRILLO RAFAEL/ANDREA
C-23	CARRILLO RAKAEL
L-01	CARTER FENCE
RV-616	CARTER FENCE
RV-801	CARTER FENCE
A-20	CASEY, RANDI J.
O-331	CASTILLERO FLAVIO
G-05	CASTILLO, IGNACIO
G-54	CASTILLO, MARIA
B-07	CASY SUSAN
RV-067	CATFORD ANDREW



EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
RV-065	CENTENO, WILBERT
F-10	CHAIDEZ, CRUZ
O-340	CHATTEN STEPHAINE
O-339	CHATTEN, STEPHANIE
O-344	CHESLEIGH JOHN
F-25	CHILDRENS LEARNING PROGRAM(MCKNIGHT, DOROTHY)
F-05	CHRISTNAT, CARMEN
O-302	CIRCA 1910 ANTIQUES
F-41	CISNEROS, GILBERT
A-01	COLE MICHELLE
C-04	COLLINS, ROBERT
RV-401	COLLINS, ROBERT
RV-209	CONGOLI FRANK A
RV-101	CONNIFF, RAY
D-23	COOLEY, JENNIFER
O-335	CORBER, G.
G-32	CORDOVA, VICTOR
C-21	CORRE A ZORDIDA
RV-406	CORRINGTON KARL
RV-216	COSTANZA, DOMINIC A.
B-06	COTTON, TAREA
O-355	CRAIG DAVID
G-46	CRAIG, DON
G-61	CULP DONALD R.
C-07	CUNNINGHAM, DONALD
H-25	CYPRESS WILLOW PROP/STORYTELLER
H-26	CYPRESS WILLOW PROP/STORYTELLER
RV-302	DAILEY, EARL
RV-413	DALLAS, SIDNEY
RV-220	DANIEL, STEVE
RV-066	DARNELL, DON
O-336	DAVEY THOMAS
RV-700	DAVEY, THOMAS
C-25	DEARMAN STACY
O-363	DEMETRIAL, PETER C.
O-300	DENISE BEACOM
H-53	DENNEY FRANK
O-368	DEQUETTEVILE, DARYL
O-368	DEQUETTEVILE, DARYL
C-02	DESANTIAGO, MARIA L.
O-312	DIANDA, CONSTANCE
C-15	DIANTONIO BRADLEY
C-29	DIAZ ETHEL
D-29	DILLWORTH ROBERT
G-53	DOGGETT, TIM

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
RV-411	DOMINGUEZ, EDUARDO
A-02	DRAGER, RENEE
RV-098	DUCK, ROBERT
H-54	DUER, FRED
B-21	DUGDALE, LEONARD
RV-061	DUNLOP EDWIN
G-50	DURR, ROBIN
RV-204	EAGLES, DANIEL
E-09	ECKLUND KENT
O-332	EDC, INC.
F-04	EDWARDS GARY
G-13	EDWARDS GARY
G-14	EDWARDS GARY
O-348	EDWARDS GARY
A-03	ELMLIGY, MAHA
RV-207	EMBRY LEON
E-24	ENRIQUEZ, STEVE
G-57	ERENBERG, STEVEN
RV-064	ESPER A DWAIN
H-10	EXPERT AUDIO REPAIR
RV-304	FALCONE, MESSLL
A-28	FERNANDEZ, GUADELUPE
RV-109	FISKE, SANDY
B-24	FLORES PATRICIA/ RAMON
RV-200	FRAK, ROBERT W
RV-219	FRANCIS, NORMAN
RV-051	FRENCH, JOHN
RV-610	FRERE, MARK
RV-301	FUNES, FRANK
RV-115	GAGE, JOSEPH
D-24	GARCIA, DIVO
H-18	GARCIA, LAURA
B-27	GASPARIAN DANIEL
G-02	GATES LOUIS
H-55	GEIB DONA
H-56	GEIB DONA
H-33	GEIB DONNA J.
H-34	GEIB DONNA J.
O-346	GEIB DONNA J.
O-326	GENI ENTERPRISES INC.
O-353	GENI ENTERPRISES INC.
B-16	GEORGE GEORGE & SONS
RV-213	GEORGE, GEORGES
F-08	GEORGES, G.
H-58	GOETTE MOELLER CHERYL

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
F-38	GOLDIN LINDA
A-16	GOLDIN, LINDA
F-27	GOMEZ GRISEIDA
F-06	GONSALEZ, SONIA
E-06	GONZALEZ MANUEL
B-19	GOYTIA, MIKE E.
B-20	GOYTIA, MIKE E.
O-355	GRAIG, DAVID
F-31	GRAMMEL DIRK
RV-400	GREEN, DONALD
G-57	GREY, JAMES
RV-409	GRIGORIAN MADLEN DAVID
RV-111	GROSVENOR JEFF
RV-218	GUINTANA, JOSE
O-325	GULLICKSON MARY
RV-505	GUMPERTZ , D.G.
C-19	GUZMAN JUAN CARLOS
A-18	HALE, JOYCE
H-43	HANDYMAN GSP
C-03	HARNELL JESS
C-11	HARNELL JESS
H-35	HARNELL JESS
H-36	HARNELL JESS
B-03	HAROS ELVA
B-03	HAROS ELVA ALICIA
A-13	HARRELL JOHNNY LEE
RV-208	HAUCK DENNIS JR
A-17	HAUK, ALBERT
A-09	HAUSCHILD, MICHAEL
RV-312	HAVSCHILD MICHAEL
RV-410	HEMBREE, BOBBIE
D-25	HENSON, DELAVEN
RV-507	HERCZAK,GEORGE/BARBARA
O-316	HERNANDEZ AGUSTIN
O-540	HERNANDEZ AGUSTIN
H-49	HERNANDEZ IVETTE SONIA
G-35	HERNANDEZ, JOSE
H-16	HIGUERA CYNTHIA
RV-514	HINES, WILLIAM
O-365	HOBBS GARY
RV-412	HOLMES, KATHRYN H.
G-16	HOUSEPIAN, RAZMIK
RV-110	HUDSON HERBERT / BETTY
B-31	HUTCHINS STEVEN/ TAMI
F-14	INGLIS, JULIAN

SFA

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
O-317	INSURANCE AUTO AUCTION
O-351	INSURANCE AUTO AUCTION
O-318	JASINSKI, RON
E-26	JEFFERSON, DEBORAH R.
F-37	JENNIFER COFFEE (JEFF FERRERO)
B-09	JESS HARNELL INC
F-29	JIMENEZ, JOSE
G-30	JOHN PURDY INC.
G-31	JOHN PURDY INC.
B-08	JONES ERICK
B-15	JONES, BRIDGETTE
D-22	JORDAN, GERARD A.
G-10	JOSEPHINE, BIRD
G-26	KASHATRYAN ISHKHAN
G-27	KASHATRYAN ISHKHAN
RV-112	KELLERMON MICHAEL
RV-102	KERRIGAN, ANTHONY
O-345	KERRISK VALERIE
RV-222	KIM KAPSHIK
RV-307	KLUMP CHRISTIAN
G-50	KOCHLI DORON
G-62	KOLEDA JOSEPH
G-63	KOLEDA JOSEPH
RV-320	KOLLING, PETER
D-27	KON KORD RECORDS
RV-408	KOWULCZIK, EDWARD
F-36	KRULY MICHAEL (JOSEPH BRYANT)
G-23	KSHATRIYA ELIZABETH
F-03	KSHATRIYA, ELISABETH
E-27	KUFTERELIAN OGANES
RV-218	KURASZ ROBERT
D-20	KURZULIAN GREG
O-060	L.A. CHAMBER OF COMMERCE
O-045	L.A. CHAMER OF COMMERCE
O-311	L.A. FAMILY HOUSING CORP
O-537	L.G. FAMILY HOUSIN, CORP.
H-09	LACZKO PETER
F-34	LANGWELL, LAURA
O-360	LAPIDOT ELI
C-25	LAPIDOT, ELI
G-08	LARA JAIME A
O-501	LAWRENCE, TIM
RV-107	LECHTICK, MORRIS
A-24	LEWIS, FRED W.
E-05	LITTLE DARRYL

SFB

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
O-359	LOPEZ SANTOL & PABLO
O-357	LOPP LAURIE
L-01	LOS ANGELES AUTO SALVAGE
G-54	LUCHAN BEVELLY
RV-313	LUCKENBILL DAVID
RV-605	LUCKMAN, DAVID
F-19	LUNA, LUIS
F-12	LUZ GONZALEZ
C-09	MACK, MELONIE
A-06	MAIER, DIANE
C-24	MALIS, STEVEN
O-367	MALIS, STEVEN
F-33	MANANGON, EDGAR
C-28	MANVELYAN, EDWARD
RV-070	MARMAN, MARK
B-05	MAROUTIAN, SONA
O-329	MARTI, OSCAR
RV-509	MARTIN, AL
RV-600	MARTIN, GEORGE H.
A-15	MATA LEONARDO
RV-318	MATSON, JIM
RV-214	MATTHES, JOHN
G-41	MAU KATHERINE J
RV-105	MAZUR, B.E
H-24	MC CRANE , MELISSA (WIGHTMAN ALLAN)
RV-201	MCGREGOR ALEXANDER
RV-702	MCKNIGHT DOROTHY (CLP)
A-14	MCKNIGHT, DOROTHY
H-13	MCKNIGHT, DOROTHY
H-14	MCKNIGHT, DOROTHY
H-37	MCKNIGHT, DOROTHY
H-38	MCKNIGHT, DOROTHY
H-01	MEDINA, CINDY
RV-212	MEGLIORINO, RODOLFO
F-42	MEJIA, JORGE
G-60	MELCHOR JUAN
G-28	MELVILLE, GLORIA
G-29	MELVILLE, GLORIA
O-301	MENASHE SHOOKEY
E-19	MENDEZ, OMAR R.
H-28	MENENDEZ, ERIC
F-16	MERCADO, OSCAR
RV-106	MEYERSON, HENRY
RV-612	MICHAEL KELLERMAN & ASSOC
G-11	MILLION WILLIAM

SPK

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
O-361	MILLION, BILLY
RV-404	MILLS LARRY/DORIS
A-35	MITCHELL, JOYCE
A-36	MITCHELL, JOYCE
O-333	MONTCRIEFF, DONALD
O-534	MONTCRIEFF, DONALD
RV-058	MONTCRIEFF, DONALD
B-14	MORALES, ANITA
A-27	MORAN, EDUARDO O.
C-22	MOREHEAD AUTUMN J
H-57	MOREHEAD DIANE
G-18	MORENO, ARLEEN
RV-069	MORGAN RON
RV-099	MORGAN RON
RV-613	MORMAN MARK
E-28	MORRIS, RICK
F-24	MULL BRIAN
RV-416	MULLADY LOUIS F.
C-16	MURPHY GEORGE
O-505	MUSICTEK
B-30	MUSSALLAN J HANNA
B-02	MUSSALLAN, J HANNA
F-32	NAJAR, MARIA C.
E-04	NIEBLAS RAMON
C-13	NIETO, STALIN LOGAN
RV-512	NIWA, AKI/ AMY
O-341	NOVA LIGHTING
G-01	OAKS MARY ANN
A-30	OCEANIC NAVIGATION RESEARCH
A-31	OCEANIC NAVIGATION RESEARCH
B-17	ODAGIRI MASATRKA
E-01	OLIPHANT, JEFFERY
E-08	OLIPHANT, JEFFERY
E-03	OLIPHANT, JEFFREY
A-29	OLIVEROS, TONY
D-19	OSUNA JESUS HECTOR
F-17	OTEDOLA TIMI-PAUL
E-07	OTEDOLA, TIMI-PAUL
C-10	PACHECO PEDRO
RV-217	PACHECO, NELSON
RV-504	PAGGI FELIX J.
G-39	PARRA, NORMA
G-40	PARRA, NORMA
RV-417	PARRISH, WILLIAM
H-05	PATRICIO. MARCELA

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
H-06	PATRICIO. MARCELA
G-47	PATTERSON, GARY
G-48	PATTERSON, GARY
O-356	PATTERSON, GARY
C-26	PEARSON, COLLEEN
RV-704	PEIRCE, RICHARD A.
C-12	PENA, RUDY
B-25	PERERA MARCO H
G-42	PERLONGO JIM/SHANA
G-09	PETULLA, MARK
B-10	PHILLIPS, JAKE
A-23	PICTURE HEAD
A-25	PICTURE HEAD
O-362	PICTURE HEAD
RV-802	PIERCE RICK
O-342	PIERCE, RICK
RV-508	PITTMAN, C.J
RV-055	PLANK RICHARD
RV-513	PLANK RICHARD
G-17	PORRO JOSEPH
H-19	PORRO, JOSEPH
H-20	PORRO, JOSEPH
B-26	PRIMA EQUIPMENT
F-28	PUGH, GARY
RV-324	RABER, STEVEN
H-61	RALPH EDWARDS PROD
H-62	RALPH EDWARDS PROD
B-04	RAMIREZ, TARNQUILINO
H-45	RAYMOND MAJORIE A.
H-46	RAYMOND MAJORIE A.
RV-052	REED CONWAY
G-04	REEVES, MARGIE
C-20	RESEARCH VIDEO
O-502	RESEARCH VIDEO
RV-510	REYES ROBERT R
G-33	RICHARDS HELEN
G-34	RICHARDS HELEN
RV-202	RICHARDSON JAMES/SANDRA
RV-210	RICHARDSON, TERRY
A-08	RIFE, LUCIA
RV-501	RIHA JAMES M.
O-338	ROBINSON RALPH L
G-19	ROBLES, ALMADELIA
F-07	RODRIGUEZ ELDAR
A-10	RODRIQUEZ ABRAHAM

SFB

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
F-26	ROJAS, EUDILIA
RV-205	ROMIE DONALD
RV-104	ROMINE JW
E-23	ROOT, JUSTIN
RV-306	ROSEN DAVE
H-59	RUBEO BRUNO
H-60	RUBEO BRUNO
E-25	SALVADOR, JOSE
H-47	SANCHEZ, GENEVNA
H-48	SANCHEZ, GENEVNA
E-02	SANDERS CONSTRUCTION
O-334	SANTA ROSA, CATHOLIC CHURCH
B-22	SANTOS DIONISIAC
O-366	SATTERSTROM, RICHARD A
RV-500	SCHNITZIUS, MICHAEL.
RV-103	SCHREINER, WALTER
RV-403	SCORDINO NICK
O-330	SCOTT, LAVERNE
E-22	SCS FIELD SERVICES
O-368	SECCOMBE, RICHARD
B-28	SEIFERT, JIM
H-21	SEIFERT, JIM
H-30	SEIFERT, JIM
H-31	SEIFERT, JIM
H-50	SEIFERT, JIM
H-51	SEIFERT, JIM
RV-506	SEMERDVIAN ALBERT
H-23	SHKLOVSKY, YEFIM
E-30	SHVARTSMAN, ARTHUR
H-44	SIEKERT MICHAEL
G-38	SIENS, SHANTAY
G-44	SILVERMAN RENEE
G-45	SILVERMAN RENEE
D-26	SILVERMAN, DAVID
G-44	SILVERMAN, RENEE
RV-310	SINCLAIR RICH
RV-503	SKINNER SARAH
RV-311	SMITH EUGENE W.
RV-701	SMITH, GREG
A-07	SOUL ERICK
RV-604	SPANGLER JENNIFER M.
RV-053	SPECTOR, IRWIN
RV-203	STOLL TOM
A-19	STRASZEWSKI, CARMEN
B-11	STRASZEWSKI, CARMEN

SFA

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
H-32	SUAREZ, EDGAR
E-21	TACCONELLI DANIEL
RV-114	TALAMANTES, JESS A.
RV-611	TAYLOR, MIKE
RV-054	TERSIGNI JOSEPH
H-63	TEVEBAUGH, L
H-64	TEVEBAUGH, L
A-22	TEVERBAGUH, LERITA
G-66	TEVERBAUGH, LERITA
H-29	THE ODELL GROUP
RV-063	TINTORI, MARION
RV-305	TOLEDO, RICHARD/DOLORES
O-328	TORRES, MOISES
RV-603	TORRIJOS ENRIQUE
A-21	TORRIJOS, DAYMARIS
C-17	TRAGER, ERIC
RV-323	TRINCHERO, BART
C-05	TROIA BETTY
RV-321	TRZEPACZ, PETER
RV-068	UDELL, PETER
D-30	UMBARGER, BETTY JO
F-13	VALDEZ, JEFFERY
H-40	VALENZUELA, MANUAL
G-12	VALLEY FRICTION MATERIALS
RV-615	VELARDE EDUARDO
RV-317	VELETZOS JEAN
F-09	VULCAN MATERIALS
O-303	VULCAN MATERIALS
O-304	VULCAN MATERIALS
O-305	VULCAN MATERIALS
O-306	VULCAN MATERIALS
O-307	VULCAN MATERIALS
O-308	VULCAN MATERIALS
O-309	VULCAN MATERIALS
O-310	VULCAN MATERIALS
O-312	VULCAN MATERIALS
O-313	VULCAN MATERIALS
O-314	VULCAN MATERIALS
O-315	VULCAN MATERIALS
O-319	VULCAN MATERIALS
O-320	VULCAN MATERIALS
O-321	VULCAN MATERIALS
O-322	VULCAN MATERIALS
O-323	VULCAN MATERIALS
O-324	VULCAN MATERIALS

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EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
O-337	VULCAN MATERIALS
O-343	VULCAN MATERIALS
O-347	VULCAN MATERIALS
O-354	VULCAN MATERIALS
O-369	VULCAN MATERIALS
O-503	VULCAN MATERIALS
O-504	VULCAN MATERIALS
O-506	VULCAN MATERIALS
O-507	VULCAN MATERIALS
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O-530	VULCAN MATERIALS
O-531	VULCAN MATERIALS
O-532	VULCAN MATERIALS
O-533	VULCAN MATERIALS
O-535	VULCAN MATERIALS
O-536	VULCAN MATERIALS
O-538	VULCAN MATERIALS
O-539	VULCAN MATERIALS
RV-418	WAGNER, WILLIAM
RV-108	WAINRIGHT KEN
E-10	WEINTRAUB CRAIG
B-18	WEISEL JOSHUA
H-02	WELCH, NATASHA
RV-100	WETTS WAYNE

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
RV-206	WHITE, DAVID
F-23	WIGHTMAN, ALAN R
RV-607	WILHITE, ADAM
RV-601	WILLEY, GRAIG
A-34	WILLIAMS, PIERRE
O-352	WOFLE GRANVILLE
RV-062	WOLFE GRANDVILLE
O-052	WOODHEAD, A.L.
G-06	WYDEN ROMAN
C-08	YANEZ, EDUARDO A.
RV-414	YEGHIAZARIAN, EDWARD
G-03	YOSHIDA, ELIZABETH
RV-511	ZAFRANI, EDMUND
H-03	ZAMORA SERVIO
H-04	ZAMORA SERVIO
H-22	ZANGANELI DAVID
RV-215	ZUBER, ROBERT J. JR.
RV-608	ZUKERT, BILL (HOLLAND GLADYS)

LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 15th day of June, 1994, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and INSURANCE AUTO AUCTIONS, a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 19.13 acres, as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. LEASE. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises.

2. TERM. The term of this Lease shall be ten (10) years commencing on June 1, 1994, and expiring on May 31, 2004.

3. RENTAL. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of Twenty-seven Thousand Eighty-two and 34/100 Dollars (\$27,082.34)

per month, as adjusted in accordance with the provisions of paragraph 4, payable in advance on the first day of each calendar month during the term hereof, subject to abatement for the first six (6) months of the term as provided by Paragraph 5. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. RENTAL ADJUSTMENT. During the Lease term the monthly rental rate provided for in paragraph 3 herein shall be adjusted on June 1, 1996 and every two (2) years thereafter (each an "Adjustment Date") as follows: The basis for computing each adjustment in the monthly rental rate shall be the Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles-Anaheim-Riverside Area (Base Year 1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"), which is published for the month which is three (3) months prior to the month in which the commencement date of this Lease occurs ("Beginning CPI"). The CPI published for the month which is three (3) months prior to the month in which the Adjustment Date in question occurs ("Adjustment CPI") is to be used in determining the amount of the adjustment. The monthly rental rate for each two (2) year period commencing with an Adjustment Date shall be the result of multiplying the monthly rental rate by a fraction, the numerator of which is the Adjustment CPI and the denominator of which is the Beginning CPI; provided, however, in no event shall the monthly rental rate be reduced below, nor shall any increase exceed fifteen percent (15%) of, the monthly rental rate payable during the immediately preceding period. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. RENT ABATEMENT. In consideration of the grading and paving required to be made by Tenant to the Premises, rent for the first six (6) months of the Lease term shall be abated,

subject to recapture upon Tenant's vacation of the Premises before the end of the Lease term in connection with a Lease default.

6. SECURITY DEPOSIT. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of \$27,073.45 which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

7. OPTION TO EXTEND TERM. Tenant is given the option to extend the term of this Lease on all the provisions contained in this Lease, except for the term, for a term of five (5) years ("Extended Term") commencing upon expiration of the initial term, by giving written notice of exercise of the option ("Option Notice") to Landlord at least six (6) months prior to the expiration date of the initial term; provided, however, that if Tenant is in default on the date of giving the Option Notice, the Option Notice shall be totally ineffective, or if Tenant is in

default on the date the Extended Term is to commence, the Extended Term shall not commence and this Lease shall expire at the end of the initial term. Tenant shall have no right to extend the term beyond the Extended Term.

8. IMPROVEMENTS TO THE PREMISES. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition, provided however, Landlord shall relocate or place underground methane gas migration pipes and ancillary equipment and, for those portions of the Premises not previously leased by Tenant, install perimeter fencing ("Landlord's Improvements"). With respect to Landlord's Improvements, Landlord shall use its good faith efforts to perform the work in a manner which minimizes disruption of Tenant's business operations on the Premises, Landlord shall advise Tenant in advance of any work to be performed, and Landlord shall proceed with the work promptly upon execution of this Lease, and shall diligently pursue such work to completion. Tenant shall perform all grading and install all paving required for its use. Tenant's entry into possession of the Premises shall be deemed its acceptance of the condition of the Premises. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Thousand Dollars (\$5,000.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of non-responsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances, and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease.

Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

9. TAXES AND ASSESSMENTS. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

10. USE OF PREMISES. Tenant agrees that the Premises shall not be used for any purpose except storage of automobiles in an impound yard. If consistent with such use, automobile auctions of reasonable duration, not to exceed eight (8) hours in any event, may be held by Tenant on the Premises, but not more than seventy (70) per year and not more frequently than two (2) in any seven (7) day period. No welding or open flame shall be permitted on the Premises at any time. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use. Tenant acknowledges and agrees that it shall not store any

property in, or otherwise interfere with use of, common access areas adjacent to the Premises.

11. MAINTENANCE AND REPAIR. Tenant shall at its own expense maintain and keep the Premises, including without limiting the generality of the foregoing, the fence on the perimeter of the Premises, in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises, except repair and maintenance of the methane gas migration system on the Premises to the extent the necessity for such repair is not caused by Tenant or its agents, licensees or invitees. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, and Tenant does not commence to remedy such failure within thirty (30) days after notice from Landlord describing such failure with reasonable particularity, or after commencement of such remedy, Tenant fails at all times thereafter to pursue such remedy with due diligence to completion, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental. Without limiting the foregoing, Tenant acknowledges and agrees that if Tenant fails to effectively repair any fence on the Premises within thirty (30) days after notice from Landlord of the need for such repair, such failure shall be deemed a material

default which has continued for thirty (30) days as described by paragraph 21(f) hereof, and Landlord may pursue its remedies for such default as described in such paragraph, including without limitation, termination of this Lease.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition, subject to reasonable wear and tear. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

12. DAMAGE OR DESTRUCTION. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) This Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair.

(b) If the damage and repair thereof is of such nature and extent as to not interfere substantially with the use of the Premises by Tenant, and Landlord is responsible for repair, this Lease shall remain in effect and there shall be a proportionate abatement of rent for the period of restoration commencing from the date on which Tenant gives Landlord written notice of such damage, based upon the impairment to Tenant's use of the Premises arising from the damage when compared with Tenant's use prior to the damage.

(c) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, and if Landlord is responsible for repair, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing

hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that there shall be a proportionate abatement of rent for the period of restoration commencing from the date on which Tenant gives Landlord written notice of such damage, based upon the impairment to Tenant's use of the Premises arising from the damage when compared with Tenant's use prior to the damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

13. ENTRY. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, making repairs at Tenant's expense which Tenant has failed to make, exercising any of the rights of Landlord under this Lease, posting notices required or permitted by law, and for purposes of repairing and maintaining the methane gas mitigation system on the Premises. In connection with the repair and maintenance of the methane gas migration system, Landlord shall be permitted to install temporary aboveground methane gas pipes. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises. Tenant shall, at all reasonable times, permit access by government authorities and/or Landlord to the water well and gas mitigation system existing on the Premises.

14. SAFETY. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of

1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon, except for the methane gas mitigation system which is the sole responsibility of Landlord. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Tenant shall at all times keep and maintain a clear fire safety road on the Premises, providing access to all fire hydrants thereon (the maintenance and repair of which is Landlord's responsibility), which shall comply fully with all applicable laws, regulations, and orders. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

15. CONDEMNATION. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable by Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be a proportionate abatement of rent based upon the criteria described in paragraph 12(b). Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant.

16. CONSENTS AND WAIVERS. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the

exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

17. LIENS. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

18. INDEMNIFICATION AND EXCULPATION OF LANDLORD.

Tenant shall indemnify and defend Landlord and save him harmless from and against any and all claims, actions, damages, liabilities and expenses (including attorney's fees) in connection with loss of life, bodily injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or invitees, except to the extent such loss of life, bodily injury or damage to property is caused by the negligence or wilful misconduct of Landlord. In the event Landlord is made a party to any litigation commenced by or

against Tenant arising from the foregoing, then Tenant shall indemnify and defend Landlord and hold him harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall indemnify and defend Tenant and save him harmless from and against any and all claims, actions, damages, liabilities and expenses (including attorneys' fees) in connection with loss of life, bodily injury or damage to property arising from or out of methane gas produced by the Premises, the methane gas migration system on the Premises, or any "Hazardous Materials," as defined in Paragraph 19, present on the Premises prior to Tenant's (and its predecessor L.A. Auto Salvage, Inc.'s) occupancy of the Premises, except to the extent such loss of life, bodily injury or damage to property is caused by the negligence or willful misconduct of Tenant. In the event Tenant is made a party to any litigation commenced by or against Landlord arising from the foregoing, then Landlord shall indemnify and defend Tenant and hold him harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Tenant in connection therewith.

Except as expressly provided herein, Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever except to the extent such damage is caused by the negligence or wilful misconduct of Landlord. Without limiting the foregoing, except as expressly provided herein, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that except as expressly provided herein, Tenant has sole responsibility for repair and maintenance of the Premises. Except as expressly provided herein, Tenant waives all claims against Landlord for damage to person or property arising for any reason except to the extent claims are attributed to the negligence or wilful misconduct of Landlord.

19. HAZARDOUS MATERIALS.

(a) Tenant warrants and represents to Landlord:

(i) Tenant shall not permit any "Hazardous Materials," as hereinafter defined, to be brought upon, stored, manufactured, or disposed on or transported from the Premises without the prior written consent of Landlord (which consent shall not be unreasonably withheld, provided Tenant demonstrates to Landlord's reasonable satisfaction that the particular material for which consent is sought is commonly used and necessary in Tenant's permitted use of the Premises and that Tenant's use, handling, transportation and disposal of same will comply with all environmental laws).

(ii) Tenant shall at all times be in compliance with all environmental laws applicable to the Premises.

(b) Tenant shall indemnify, defend and hold Landlord harmless against any and all claims, damages, enforcement actions, remedial actions, liabilities, losses, costs and expenses arising out of the presence of any Hazardous Materials brought, deposited or released on the Premises by Tenant, its agents, contractors, employees or invitees. Landlord shall have the right to enter on the Premises to conduct an environmental assessment at any time during the Lease term. If Hazardous Materials for which Tenant is responsible are detected, the cost of this assessment will be paid for by Tenant. Tenant shall be required to take all remedial action necessary to insure clean up of any Hazardous Materials present on the Premises for which Tenant is responsible and to comply with all environmental laws applicable at the end of the Lease term.

(c) The term "Hazardous Material(s)" shall mean any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof which is or may be hazardous to human health or safety or to the

environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including without limitation, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCB's), and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner, based directly or indirectly upon such properties or effects, pursuant to any applicable environmental law.

(d) The term "environmental law(s)" shall mean any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, court decision, ordinances, rules, codes, judicial or administrative orders or decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future, which are or become applicable to Tenant, Tenant's operations or the Premises.

(e) The provisions of this Paragraph shall be in addition to, and shall not diminish in any way, any other provision of this Lease requiring Tenant's compliance with law or Tenant's obligation to defend, indemnify, and hold Landlord harmless.

20. INSURANCE. Tenant shall keep in full force and effect during the term of this Lease, Workers' Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and comprehensive general liability and automobile liability insurance covering all its operations on or related to the Premises. The limits of such liability insurance shall in each case not be less than Two Million Dollars (\$2,000,000.00) combined single limit. All such liability policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall

not be unreasonably withheld), shall provide coverage to Landlord as an additional insured to the same extent as the named insured, shall provide for at least thirty (30) days prior written notice to Landlord of cancellation, termination or material change, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination, cancellation or material change, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

21. DEFAULT. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute which is not dismissed within sixty (60) days of filing;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless

Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant.

Then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, subject to reasonable wear and tear, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of

award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at

any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

22. HOLDING OVER. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such holding over shall be considered a tenancy from month to month subject to all the terms of this Lease pertaining to the obligations of Tenant, but all options and rights of first refusal, if any, granted to Tenant under the term of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy.

23. NOTICES. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90065
Attn: Executive Vice President, Law
and Property

To Tenant: Insurance Auto Auctions
2500 Sand Hill Road
Suite 101A
Menlo Park, CA 94025

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

24. ASSIGNMENT AND SUBLETTING. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord, which shall not be unreasonably withheld. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of

no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a precondition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

(a) The name and legal composition of the proposed transferee;

(b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;

(c) Such information as to the proposed transferee's financial responsibility, business experience and standing as Landlord may reasonably require;

(d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and

(e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee.

Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

All rent received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the

sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

25. UTILITIES. Landlord makes no representation or warranty regarding the availability of utilities to the Premises. Tenant shall, at its sole cost, make all arrangements for utility service. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, telephone, and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

26. INSOLVENCY OF TENANT. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

27. ABANDONMENT. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

28. TRANSFER OF LANDLORD'S INTEREST. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

29. SUBORDINATION AGREEMENT. Tenant shall, upon Landlord's request, execute an estoppel certificate and any

instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

30. SIGNS. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

31. INTERPRETATION. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

32. SUCCESSORS AND ASSIGNS. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

33. COST OF LITIGATION. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall

be entitled to recover its reasonable expenses from the other party.

34. QUIET POSSESSION. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

35. QUITCLAIM DEED. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

36. RELATIONS OF PARTIES. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

37. REAL ESTATE BROKERS; FINDERS. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

38. ENTIRE AGREEMENT. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

/ / / /

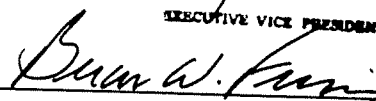
IN WITNESS WHEREOF, Landlord and Tenant have executed
this Lease as of the day and year first above written.

LANDLORD:

CALMAT CO.

By 


EXECUTIVE VICE PRESIDENT

By 

ASSISTANT SECRETARY

TENANT:

INSURANCE AUTO AUCTIONS

By 
E.V.P.

By _____

**FORM OF FUTURE
VEHICLE INSPECTION CENTER SUBLEASE**

By this indenture of lease, dated December 11
19 97, INSURANCE AUTO AUCTIONS, herein called Lessor, leases to
 ALLSTATE INSURANCE COMPANY, an Illinois insurance corporation,
 with its principal offices at Allstate Plaza, Northbrook,
 Illinois, herein called Lessee, the following described
 premises: 7245 Laurel Canyon Blvd., Building #4, North Hollywood, CA 91605

d land
ea of ←
,000 square
et

comprising an area of 1920 square feet; for use as
offices, ↓ for a term of Two years and Zero
months, commencing January 1 1998 and expiring
December 31, 1999, at an annual rental at the
rate of \$ _____ per square foot [~~same lease rate as paid~~
~~by Insurance Auto Auctions for space and pro rata share of~~
~~Insurance Auto Auctions' operating expenses~~], or a term rental of
\$ 75,600.00, payable in monthly installments of
\$ 3150.00 in advance on the first day of each month,
commencing with the first month of the term, to Insurance Auto Auctions
; at 7245 Laurel Canyon Blvd., North Hollywood, CA
91605; all on the following terms: 850 E. Algonquin Rd., #100

Schaumburg, IL 60173

1. Utilities and Services. The parties agree that each shall furnish and pay for utilities and services as indicated below:

To be furnished
by (insert "Lessor,"
"Lessee" or
"not applicable")

- | | | |
|----|---|--------|
| a. | Heat as required | Lessor |
| b. | Electricity or gas for air conditioning as required | Lessor |
| c. | Electricity for lighting and for ordinary office machines | Lessor |
| d. | Replacement of bulbs and fluorescent tubes | Lessor |
| e. | Water for ordinary office purposes | Lessor |
| f. | Gas for such of the installations in the premises as may require it | Lessor |

- | | | |
|----|--|--------|
| g. | Clearing of ice and snow from sidewalks, driveways and parking areas | Lessor |
| h. | Replacement of broken glass | Lessor |
| i. | Janitor and cleaning services | Lessor |
| j. | Window washing | Lessor |

Wherever above the Lessor has agreed to furnish utilities and services, Lessee shall reimburse Lessor for a pro-rata share of such utilities and services based upon the square footage of the facilities subleased hereunder. Wherever above the Lessee has agreed to furnish services, the same shall be obtained from existing heating plant, air conditioning ducts and equipment, water, gas and electrical installations provided by Lessor, (unless this lease contains affirmative agreement by Lessee to make one or more of such installations). Where Lessee pays Lessor for electricity, gas or water, the same shall be billed to Lessee at the prevailing local utility company rates for the type in question.

2. Quiet Possession. So long as Lessee performs its obligations, Lessor covenants to it quiet and peaceful possession of the leased space, and the right to use the same free of interference from noise, noxious or unpleasant fumes or odors or other disturbance from other tenants in the same building.

3. Lessee's Obligations. Lessee agrees as follows:

a. To pay rent as due and to deliver possession of the premises to Lessor upon termination of this lease in the same condition as received, ordinary wear and tear and damage by fire, the elements or other casualty excepted;

b. To use the premises in a quiet and orderly fashion without disturbance to other tenants in the building, and not to suffer or permit any violation of laws or ordinances therein;

c. Not to assign or sublet without prior consent of Lessor, which Lessor agrees will not be unreasonably withheld, provided, however, Lessee may, without Lessor's consent and without release of liability hereunder, assign this lease, or sublet to, or permit occupancy of the demised premises by related companies.

4. Lessor's Remedies. Lessor may terminate this lease and enter and take possession of the premises from Lessee, all without waiving any rights which it may have at law hereunder, without further notice or demand (all such notices and

demands being hereby waived) following any of these events:

a. That Lessee should fail to pay rent due hereunder within 30 days following written notice of default therein;

b. That Lessee shall fail to commence curing any other violation of its covenants within 30 days after written notice thereof, or, having commenced to cure the same as aforesaid, should fail to carry the same to conclusion with due diligence;

c. Upon the adjudication of Lessee as a bankrupt or the appointment of a receiver of its property.

5. Untenantability. If the premises, or any portion thereof, are made untenable by fire, the elements or other casualty, rent from the entire premises or affected portion thereof shall abate from the date of such casualty to restoration of tenantability. Lessor shall restore the same with all reasonable speed, and if Lessor does not restore the premises or the affected portion to tenantability within sixty (60) days thereafter, Lessee may then terminate this lease, retroactive to the date of casualty. If the premises are more than fifty percent (50%) destroyed by such casualty, either Lessor or Lessee may terminate this lease, retroactive to such date, by notice delivered within thirty days thereafter; failing such notice, Lessor shall restore the premises to tenantability within ninety days of such casualty and rent shall abate as aforesaid.

~~6. Lessor's Construction, Alterations and Improvements. Lessor agrees to construct or remodel the aforementioned leased premises in accordance with plans, specifications, elevations and renderings to be prepared by Lessor and approved by Lessee; provided, however, that Lessee shall reimburse Lessor for all costs incurred in making such constructions, alterations, or improvements. Said plans and specifications shall require the completion of the premises, including all facilities and services specifically required by this lease and all facilities and services generally applicable to office space, with first class materials and construction and with such layouts, partitions, quality and type of materials and finish as Lessee shall approve. Lessor agrees to submit such plans and specifications to Lessee on or before _____ Lessee shall approve or disapprove of said plans and specifications within _____ days after the same are submitted to it, and upon approval thereof by the Lessee, the same shall be deemed to be attached to and form a part of this lease. In the event the Lessor shall fail to prepare such plans and specifications by the above date, or to proceed with construction promptly upon the approval thereof, or to make reasonable progress toward the completion of such construction by~~

~~the date of commencement of the term, with consideration for strikes or Acts of God, Lessee shall have the option to cancel and terminate this lease upon sixty days written notice to Lessor.~~

7. Delivery of Possession. If Lessor fails or is unable to deliver possession of the premises in tenantable condition and with Lessor's construction, alterations and improvements completed on the date of commencement of the term, then the monthly rent shall abate until the completion of tenantable conditions and of the foregoing work. If such tenantable conditions and work are not completed within sixty days after the specified date of commencement of the term, Lessee shall have an option to cancel this lease. If the leased premises are in a new building under construction, tenantable condition shall include the substantial completion of adjacent parts thereof.

8. Lessee's Alterations and Improvements.

a. Lessee is granted permission to make such alterations and improvements and install such identification signs, furniture, fixtures, and equipment in the demised premises as may be specified in lists, plans and specifications attached hereto and identified as "Lessee's Alterations and Improvements." Lessee agrees to pay for the same, to indemnify, save and hold Lessor harmless from any cost, expense or liens arising in connection therewith. Lessee may enter upon the premises to do such work during a reasonable and necessary period before commencement of the term.

b. Lessor shall not unreasonably withhold consent to Lessee making further alterations during the term of the lease, which further alterations shall be on the conditions contained in (a) above.

c. Except as provided in Paragraph 9 or as otherwise stated in Lessor's consent to the making thereof, Lessee's alterations and improvements shall become Lessor's property at the termination of this lease.

9. Removal of Lessee's Improvements. Upon termination, Lessee may, at its option, remove carpeting, venetian blinds, office equipment, business machines, trade fixtures, if any, and signs, plus such installations as Lessee may make and may be permitted to remove under this lease, provided that it restores the premises to their original condition, ordinary wear and tear excepted, and repairs damage done by such removal.

10. Inspection. Lessor has the right to enter the

premises for reasonable inspections, and to show the same to prospective tenants during the last sixty days of the term.

11. Liability. Unless caused by the negligence or wilful act or failure to act of Lessor or its agents or employees, Lessee waives all claims against Lessor for damages to the property of Lessee, resulting from the building or its equipment being out of repair, or from act or neglect of any other tenant or occupant or any incident or, theft in or about the building.

12. Maintenance and Repair. Lessor shall keep in repair the building and leased premises including both exterior, interior, parking lots, driveways and all structural parts, fixtures, wiring, plumbing, heating, water pipes, plastering and flooring therein, except only those installations, if any, provided by Lessee; provided, however, that Lessee shall reimburse Lessor for a pro-rata share of such maintenance and repair expenses based on the square footage of the facilities subleased hereunder. Without limiting the foregoing, Lessor agrees to keep heating plant, electrical and water connections and facilities and air conditioning (if installed by Lessor) in first-class operating condition and available for continuous use.

13. Signs. Lessor will not unreasonably withhold consent to Lessee's lettering of windows or erection of signs as are reasonably necessary to Lessee's business and are in keeping with the standards maintained in the building.

14. Parking Facilities. Lessee, its employees, customers, and visitors shall have the right to use such parking facilities as may adjoin or be available to the building and Lessor will provide at least 15 paved parking spaces for the exclusive use of Lessee.

15. Office Equipment. Lessee may install and use business machines as necessary to conduct its business, including, but not limited to addressograph machines and photochemical equipment.

16. Holding Over by Lessee. If Lessee shall remain in the demised premises after the expiration of this lease without having executed a new written lease, then Lessor shall have the option to treat Lessee either (a) as one not lawfully entitled to possession of the premises, and shall thereupon be entitled to take all lawful action for Lessee's immediate removal therefrom, or (b) as a tenant for the next ensuing calendar month and for each separate ensuing calendar month thereafter, in which case said tenancy may be terminated by either Lessor or Lessee as of the end of any calendar month upon thirty days' prior written notice, and Lessee shall pay monthly rent at the rate herein

specified for each such month. No such holding over shall give rise, whether by operation of law or otherwise, to any other term or tenancy than that set forth in this paragraph.

17. Office Buildings Agreements. If the demised premises consists of space in an office building, or shopping center, then in addition to the other terms of this lease, the parties agree as follows:

a. Lessee, its employees and visitors shall have use of all lobbies, halls, stairways, washrooms and other public spaces in common with other tenants.

b. Lessor shall provide to Lessee elevator service at all reasonable business hours, and shall also provide to Lessee such other services, not designated in this lease, as Lessor customarily provides without charge to other tenants in the building or shopping center.

c. Lessee agrees to obey all such reasonable rules as do not conflict with this lease and as Lessor may establish uniformly throughout the building or shopping center, from time to time, provided that Lessee's office manager is notified of the same.

18. Condemnation. If any portion of the premises or the access thereto is condemned and if, in Lessee's sole opinion, the remainder is inadequate, then Lessee shall have the option (to be exercised within 90 days of written notice to Lessee of the area to be condemned) to cancel this lease as of the effective date of condemnation; in such case, any portion of a condemnation award or settlement attributable to the Lessee's leasehold (including options to extend the same) shall be paid to Lessee. Lessee shall have reasonable opportunity to participate in the condemnation proceedings. If any characteristics of the premises are made less desirable by condemnation, and Lessee elects not to cancel, then there shall be an equitable adjustment of rent to reflect such fact for the balance of the term.

19. Subordination. This lease and the Lessee's rights hereunder shall at all times be subordinate to the liens of mortgages now or hereafter placed on the building or any underlying leasehold estate. So long as Lessee performs its covenants, its right to possession herewith shall not be disturbed under the rights or powers granted in any such mortgage.

20. Termination. Lessee, at its option, shall be entitled to terminate or reduce the size of the space leased hereunder upon 90 days notice to Lessor.

21. Renewal. Lessee, at its option, shall be entitled

to two successive renewals hereof, each for a term of one year upon the same terms and conditions as set forth herein. Said option to be exercised in writing 90 days prior to the expiration of the original or succeeding terms.

22. Commencement of Term Adjustment. In the event the premises are not in tenantable condition at the time of the commencement of the term of this lease, the term shall run for a period of one year from the date of completion of the premises and acceptance by the Lessee and the date of commencement and expiration of the amended term shall be stated in writing signed by both parties and attached to the lease. This provision is not intended to waive or cancel the Lessee's right to terminate this agreement in the event the premises are not completed and ready for occupancy within sixty days from the specified date of commencement of the term as provided by Paragraph 7, hereof.

23. Waiver of Subrogation. Notwithstanding anything to the contrary contained herein, neither Lessor nor Lessee shall be liable to the other for any loss or damage caused by fire or any other risk insured against by fire, standard extended coverage and malicious mischief and vandalism insurance, in force at the time of such loss or damage.

24. Amendments. There are no agreements between the parties except as stated in this lease. No amendments hereof shall be effective unless in writing, signed by both parties.

25. Notices. The exercise of options granted and the delivery of notices provided for herein shall be effective only if delivered to Lessor at the address provided for payment of rent and to Lessee at 725 W. Town & Country Road, Orange, CA 92668-4703. Mailing of the same so addressed, by United States certified mail, postage prepaid, shall constitute delivery. No employee of Lessee at any other address has or shall have any authority to receive notices hereunder.

SUBLEASE
BY AND BETWEEN
INSURANCE AUTO AUCTIONS, AS SUBLESSOR
AND

Absolute Towing, a Division of United Road Services, Inc., AS SUBLESSEE

This Sublease (the "Sublease") between Insurance Auto Auctions, Inc., an Illinois corporation ("Sublessor") and United Road Services, a Delaware corporation ("Sublessee") dated as of March 1, 1999.

RECITAL

Sublessor is the lessee of the property commonly known as 7245 Laurel Canyon Blvd. ("Premises") consisting of approximately 19 acres, including the building(s) consisting of approximately 20,000 rentable square feet ("Building") pursuant to that certain lease dated June 1, 1987 ("Master Lease") with CalMat Co. ("Master Lessor"), a copy of which Master Lease is attached hereto as Exhibit "A" and incorporated herein,

AGREEMENT

1. SUBLEASE OF PREMISES. In consideration of the payment of Rent (as defined herein) and the provisions of this Sublease, Sublessor leases to Sublessee and Sublessee leases from Sublessor that portion of the Building consisting of 1152 rentable square feet, as shown on Exhibit "B" ("Sublet Premises"). In addition to the Sublet Premises, Sublessee shall have the nonexclusive right (unless otherwise expressly provided herein) to use the Common Areas (as defined herein) in accordance with the terms of this Sublease and the reasonable restrictions established from time to time by Sublessor. Any such restrictions established by Sublessor shall be deemed reasonable if they do not materially adversely effect Sublessee's use of the Sublet Premises or if required (i) by the terms of the Master Lease, (ii) in order to comply with applicable laws, rules and regulations or insurance requirements, or (iii) for security, including, without limitation, restricting the hours of Sublessee's access to the Sublet Premises from 9:00 a.m. to 5:00 p.m. Monday through Friday or such other times when a representative of Sublessor is present at the Premises.

2. DEFINITIONS. As used in this Sublease, the following terms shall have the following meanings:

2.1 Commencement Date.

March 1, 1999, unless otherwise mutually agreed to in writing by Sublessor and Sublessee.

2.2 Expiration Date. February 28, 2004, unless otherwise extended or sooner terminated in accordance with the provisions of this Sublease.

2.3 Common Areas. The lobbies, common corridors and hallways, public restrooms, non-exclusive garage and parking areas, stairways, sidewalks and driveways of the Building and the Premises.

2.4 Mailing Addresses. 8 Automation Lane, Albany NY 12205

2.4.1 Sublessor's Mailing Address. Insurance Auto Auctions, Inc., Attn: Director of Real Estate/Facilities, 850 E. Algonquin Rd. Suite 100, Schaumburg, Illinois 60173, facsimile number (847)839-3678.

2.4.2 Sublessee's Mailing Address. 7245 Laurel Cyn. Blvd. facsimile number 818-982-2937.

2.5 Security Deposit. \$1400.00.

2.6 State. The State of California.

2.7 Term. The period commencing at 12:01 a.m. on the Commencement Date and expiring at midnight on the Expiration Date.

2.8 Permitted Use.

Sublessee may use the Sublet Premises for general office purposes and parking of Sublessee's vehicles in the designated parking area.

3. GOVERNING INSTRUMENTS.

A. The relationship between Sublessor and Sublessee, shall in all respects be governed by, and be conducted in accordance with, the terms and conditions of the Master Lease to the extent such terms and conditions are not inconsistent with the terms and conditions of this Sublease. Unless otherwise specifically provided in this Sublease, but only with respect to the Sublet Premises, Sublessor shall have all of the rights and shall incur all of the obligations of the Master Lessor under the Master Lease and Sublessee shall have all of the rights and incur all of the obligations of the lessee under the Master Lease. With respect to the parties hereto, in the event of any inconsistencies between the terms and provisions of the Master Lease and the terms and provisions of this Sublease, the terms and provisions of this Sublease shall govern, except that nothing contained in this sublease shall be construed as depriving the Master Lessor of any of its rights as lessor under the Master Lease.

B. In order to ascertain the rights and obligations of Sublessor and Sublessee herein with respect to the Sublet Premises, whenever the word "Lease" appears in the Master Lease, such word shall mean this Sublease; whenever the word "Lessor" appears in the Master Lease, such word shall mean Sublessor hereunder; whenever the word "Lessee" appears in the Master Lease, such word shall mean Sublessee hereunder; and whenever the term the "Premises" appears in the Master Lease, such term shall mean the Sublet Premises.

C. Sublessee recognizes that Master Lessor has reserved certain rights with respect to the Sublet Premises under the terms and provisions of the Master Lease, which rights will continue to be exercised by Master Lessor. Sublessee further agrees that any obligations, responsibilities and duties incurred by Sublessor hereunder may be undertaken by the Master Lessor subject to the conditions and

limitations contained in the Master Lease and that the performance of such obligations, responsibilities and duties by the Master Lessor in accordance with the terms of the Master Lease will constitute full performance thereof by Sublessor hereunder.

D. Nothing contained in this Sublease shall be construed as relieving Sublessor from any of its covenants and obligations as lessee under the Master Lease.

4. RENT. Notwithstanding the payments constituted as rent or otherwise in the Master Lease, Sublessee agrees to pay annual rent without demand, set-off or counterclaim for the Sublet Premises in the amount of Seventeen thousand, three hundred fifty two, and twenty-four cents (\$17,352.24) ("Rent"), payable in equal monthly installments of One thousand, four hundred forty six, and two cents (\$1,446.02), in advance on the first (1st) day of each calendar month of the Term. If the Term begins (or ends) on a day other than the first (or last) day of a calendar month, the Rent for the partial month shall be prorated and payable on the Commencement Date or the first day of the last month of the Term, respectively.

5. UTILITIES & TAXES.

The Rent includes Sublessee's proportionate share of the utilities and Taxes; provided, however, if, in Sublessor's reasonable judgement, Sublessee is using a utility or utilities in excess of that required for general office uses, Sublessor may bill Sublessee for the increase in utility costs. Sublessee shall pay any such utility bill within ten (10) days of Sublessee's receipt of the bill. Notwithstanding that the Rent includes Sublessee's share of the Taxes, Sublessee shall pay all Taxes levied, assessed or attributable to Sublessee's personal property, equipment and trade fixtures located on the Sublet Premises.

6. SUBLESSOR'S OBLIGATIONS. Sublessor agrees as follows:

A. Sublessor covenants and agrees that it shall observe and perform all of its covenants and agreements under the Master Lease except those expressly assumed by Sublessee under this Sublease, so as not to permit any default to occur. Sublessor further covenants that it shall not voluntarily agree with Master Lessor to terminate the Master Lease during the term of this Sublease, except as expressly provided herein.

B. Sublessor agrees to accord to Sublessee the same services and benefits with respect to the Sublet Premises that Sublessor is accorded (to the extent that Sublessor receives such benefits from Master Lessor) under the Master Lease. Sublessor shall not otherwise be obligated to provide Sublessee with any services or benefits. Any notice required under the Master Lease relating to such benefits to be given by Sublessor to Sublessee shall be given within a reasonable time after Sublessor receives the corresponding notice from Master Lessor under the Master Lease.

C. Provided Sublessee promptly pays all Rent due under this Sublease and promptly and faithfully performs all other covenants and undertakings of Sublessee as sublessee hereunder, and provided further that Sublessor's right to possession of the Premises demised to it as lessee under the Master Lease remains in effect throughout the Term of this Sublease, Sublessor warrants to Sublessee quiet possession and enjoyment of the Sublet Premises during the Term of this Sublease. If Sublessor's right to possession of the Premises shall terminate at any time during the Term of this

Sublease, then thereupon this Sublease and the Term granted to Sublessee hereunder shall immediately terminate. Sublessor shall have no liability to Sublessee by reason of such termination unless such termination results from a default by Sublessor under the provisions of subparagraph 6A hereof. Additionally, if the Master Lease gives Sublessor any right to terminate the Master Lease in the event of a default by Master Lessor, the partial or total damage, destruction or condemnation of the Premises, the exercise of such right by Sublessor shall not constitute a default or breach hereunder.

7. SUBLESSEE'S OBLIGATIONS. With respect to the Sublet Premises, Sublessee agrees as follows:

A. to assume and undertake, to be bound by and become liable for, and promptly and faithfully to perform each covenant, undertaking, agreement, and obligation of Sublessor as lessee under the Master Lease, except as expressly modified by this Sublease, including, without limitation, to keep the Sublet Premises in good condition and repair without alteration or modification and to deliver possession of the Sublet Premises to Sublessor upon the expiration or earlier termination of this Sublease in the same condition as received, ordinary wear and tear and damage by fire or other casualty excepted and to use the Sublet Premises in a quiet and orderly fashion and not to suffer or permit any violations of laws or ordinances therein. Sublessee's agreement under the preceding sentence shall inure to the benefit both of Sublessor as sublessor herein and of Master Lessor in the Master Lease.

B. to indemnify and hold Sublessor and its successors and assigns harmless, at Lessee's sole cost, against and from any and all claims, demands, actions, causes of action, debts, liabilities, obligations, judgments and decrees, which may be made, asserted or recovered against them or any one or more of them by virtue of Sublessee's occupancy or use of the Sublet Premises or Sublessee's failure to perform any such covenant, undertaking, agreement or obligation of Sublessor as lessee under the Master Lease as provided in this Sublease. Sublessee further agrees to deliver to Sublessor and to Master Lessor any further instruments or documents which may be reasonably required to establish to the satisfaction of Sublessor or Master Lessor that Sublessee has agreed to be bound and become liable under the terms and conditions of the Master Lease as provided in this paragraph.

8. SUBLESSEE'S PERSONAL PROPERTY. Sublessee assumes sole risk for loss or damage to its personal property, equipment and trade fixtures ("Personal Property") on or about the Sublet Premises. Sublessor shall not be liable for any damage to Sublessee's Personal Property from any cause whatsoever. Sublessee shall maintain such insurance as it deems adequate and appropriate for the protection of its Personal Property. At no time and in no event may Sublessee remove from the Sublet Premises or the Premises any property, equipment or trade fixtures of any kind belonging to Sublessor.

9. SUBLESSOR'S REMEDIES.

A. In the event of a default by Sublessee, Sublessor shall have all the remedies accorded the Master Lessor under the Master Lease as to the default by the lessee thereunder.

B. In the event Sublessee fails to perform any of its obligations hereunder, then Sublessor may, but in no way shall be obligated to, perform all or any part of Sublessee's obligations hereunder on behalf of Sublessee. Any costs or expenses actually incurred by Sublessor which were

necessary in Sublessor's reasonable judgment in so performing Sublessee's obligations (including, but not limited to, Sublessor's reasonable attorneys' fees and costs) shall be additional rent due hereunder immediately upon demand for payment by Sublessor to Sublessee and shall bear interest at the rate of two percent (2%) per month from the date expended by Sublessor until the date repaid by Sublessee.

C. If, as a result of a default under this Sublease by Sublessee, Master Lessor deems Sublessor in default under the Master Lease and pursues such remedies therefor as may be provided Master Lessor by law, equity or in the Master Lease, Sublessee agrees to reimburse Sublessor promptly on demand the amount of any and all costs, claims and expenses, including reasonable attorneys' fees and costs resulting therefrom.

10. SUBLESSEE'S REMEDIES. In the event of any breach of this Sublease by the Sublessor, Sublessee shall have all of the remedies accorded the lessee under the Master Lease as to the default by the lessor thereunder. Notwithstanding the above, Sublessee agrees that in the event of any default by Sublessor hereunder which arises from a failure of Master Lessor to perform its obligations under the Master Lease, so long as Sublessor diligently pursues an action against Master Lessor, Sublessee's monetary damages and remedies against Sublessor for such default shall in all cases be limited to, and shall not exceed, those monetary damages recovered by Sublessor from the Master Lessor by reason of such breach and those remedies successfully invoked by Sublessor against Master Lessor for such default by Master Lessor under the terms of the Master Lease.

11. ALTERATIONS. Sublessee shall not make any alterations or leasehold improvements to the Sublet Premises without Sublessor's prior written consent, which consent may be withheld in Sublessor's sole and absolute discretion. In the event Sublessee desires to make an alteration or leasehold improvement, Sublessee shall submit the proposed plans and specifications to Sublessor at the time Sublessee seeks Sublessor's consent. If Sublessor approves of the proposed alterations or leasehold improvements, all such work shall comply with Paragraph 7 of the Master Lease. Whenever consent of the Sublessor is required with respect to such alterations and leasehold improvements, consent of the Master Lessor shall also be required.

12. ASSIGNMENT AND SUBLETTING. Sublessee shall not assign or sublease the Sublet Premises without Sublessor's prior written consent, which consent may be withheld in Sublessor's sole and absolute discretion. In the event Sublessee desires to assign or sublease the Sublet Premises, Sublessee shall submit the name and address of the proposed assignee or subtenant, the terms of the proposed assignment or sublease and the proposed form of assignment or sublease to Sublessor and Master Lessor at the time Sublessee seeks Sublessor's consent. If Sublessor approves of the proposed assignment or sublease, Sublessee shall not be relieved of its obligations under this Sublease, consistent with Paragraph 16B of the Master Lease. Whenever consent of the Sublessor is required with respect to an assignment or sublease, consent of the Master Lessor shall also be required.

13. INSURANCE.

In addition to the insurance to be carried by Sublessor as lessee under the Master Lease, Sublessee shall maintain during the Term of this Sublease the following coverage:

A. Comprehensive public liability and property damage insurance in an amount not less than One Million Dollars (\$1,000,000.00), single limit, with respect to personal injury, death and property damage for any one occurrence. The policy shall name Sublessor as an additional insured and shall have attached thereto an endorsement which requires at least thirty (30) days written notice to Sublessor prior to cancellation, termination or modification.

B. Sublessee shall maintain its own insurance on Sublessee's Personal Property as well as the leasehold improvements. Such insurance shall provide that it is specific and not contributory.

All insurance policies to be maintained by Sublessee hereunder shall be written with companies authorized to do business in the State and otherwise be consistent with the terms of Paragraph 13 of the Master Lease.

14. NOTICES. All notices, requests and demands to be made hereunder shall be in writing at the address set forth in paragraph 2.4 by any of the following means: (a) personal service (including service by overnight courier service); (b) electronic communication, such as facsimile (if confirmed in writing sent by registered or certified, First Class Mail, return receipt requested on the same day as the electronic transmission); or (c) registered or certified, First Class Mail, return receipt requested. Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, request or demand sent pursuant to either subsection (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch by electronic means, and if sent, pursuant to subsection (c) shall be deemed received three (3) days following deposit in the mail.

15. SUCCESSORS AND ASSIGNS. The terms, covenants and conditions of this Sublease shall inure to the benefit of and be binding upon the respective parties hereto, their successors and permitted assigns.

16. CONDITION OF THE SUBLET PREMISES. Sublessee agrees to accept the Sublet Premises in "as is" condition, and agrees that, except as expressly provided herein, Sublessor is under no obligation to improve, alter or otherwise prepare the Sublet Premises for occupancy.

18. SUBLESSOR TERMINATION RIGHT. It is agreed that this Sublease shall be terminated upon termination by Sublessor (or Sublessee) for cause or any or no reason of the Towing Agreement by and between Sublessor and Absolute Towing dated October 1, 1991.

19. CONSTRUCTION, ALTERATIONS AND IMPROVEMENTS. Sublessee, at Sublessor's expense, may construct or remodel the Sublet Premises in accordance with the plans, specifications, elevations and renderings ("Plans") to be prepared by Sublessor and approved by Sublessee and Master Lessor, which approval shall not be unreasonably withheld or delayed. The Plans shall require the

completion of the Sublet Premises, including all facilities and services specifically required by this Sublease, with sound materials and good construction and in all cases consistent with the requirements of the Master Lease. Sublessor and Master Lessor shall approve or disapprove of the Plans within five (5) days after the same are submitted by Sublessee and, upon approval thereof by Sublessor and Master Lessor. The Plans shall be deemed to be attached to and form a part of this Sublease. Sublessee shall proceed with construction promptly upon the approval of the Plans and shall take all reasonable efforts to substantially complete the Sublet Premises by the Anticipated Commencement Date. Substantial Completion shall mean that the Sublet Premises are completed such that (A) Sublessee can begin to use the Sublet Premises for their intended purposes without material interference from Sublessor and (B) the only incomplete items are either cosmetic or otherwise not material to Sublessee operating its business in the Sublet Premises. Sublessor shall not be liable for any delays in delivering the Sublet Premises to Sublessee by the Anticipated Commencement Date and Sublessee shall not be able to terminate this Sublease as a result of any such delays unless Sublessor has failed to deliver the Sublet Premises at least sixty (60) days prior to the anticipated commencement date.


20. **SIGNS.** To the extent permissible by the Master Lease and provided any such installation is consistent with the standards of the Master Lease, Sublessor will not unreasonably withhold consent to Sublessee's lettering of windows or erection of signs as are reasonably necessary to identify Sublessee's business.
21. **PARKING.** Sublessee shall be entitled to the same exclusive use of six parking spaces (as designated in the Master Lease for Sublessor) for its employees and invitees. Sublessor, at Sublessor's cost, shall mark or otherwise designate these parking spaces as being available exclusively to Sublessee. Sublessee shall not, however, be permitted to service vehicles in the parking lot, or park large trucks in the parking lot at any time.
22. **ATTORNEYS' FEES.** If Sublessor or Sublessee shall commence an action against the other arising out of or in connection with this Sublease, the prevailing party shall be entitled to recover its costs of suit and reasonable attorneys' fees in addition to any other relief to which such prevailing party may be entitled.
23. **UNTENABILITY.** If the Sublet Premises, or any portion thereof, are made untenable by fire or other casualty, Rent shall abate proportionately from the date of such casualty to the date the damaged portion of the Sublet Premises is restored. Sublessor shall restore the Sublet Premises, to the extent of the insurance proceeds made available for such restoration, as promptly as practicable exercising due diligence and, if Sublessor has not restored the Sublet Premises within ninety (90) days after the date of the casualty, Sublessee shall have the right to terminate this Sublease. If the Sublet Premises are more than fifty percent (50%) destroyed by casualty, either Sublessor or Sublessee may terminate this Sublease, retroactive to the date of the casualty, by notice delivered within fifteen (15) days of the date of the casualty; failing such notice, Sublessor shall restore the Sublet Premises to the extent of the insurance proceeds made available for such restoration.
24. **APPROVAL OF MASTER LESSOR.** This Sublease is subject to, and shall be of no force and effect until receipt of the approval of the Master Lessor.

25. NO RELATIONSHIP BETWEEN MASTER LESSOR AND SUBLESSEE. This is a sublease and nothing contained herein or the approval of Sublessee by Master Lessor shall in no way be deemed to create any contractual relationship between Master Lessor and Sublessee.

IN WITNESS WHEREOF, the parties have caused this Sublease to be executed on the date first above written.

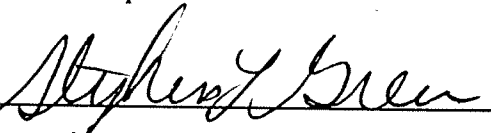
Sublessee:

UNITED ROAD SERVICES,
An Delaware corporation

By 
Its President & COO.

Sublessor:

INSURANCE AUTO AUCTIONS, INC.,
an Illinois corporation

By 
Its Vice President - Finance

NO CONSENT OF MASTER LESSOR REQUIRED

CONSENT OF MASTER LESSOR REQUIRED


Vice President

EXHIBIT "A"

MASTER LEASE



SUBLEASE

1. **Names.** This sublease is made by Laurel Canyon Holdings, LLC, a Nevada limited liability company, ("Sublandlord"), and I.V. Auto Salvage Co., a California corporation ("Subtenant").

2. **Property Subleased.** Sublandlord hereby subleases to Subtenant, and Subtenant hereby subleases from Sublandlord, the approximately 217,800 square foot of that certain real property situated in the City of Los Angeles (North Hollywood), County of Los Angeles, State of California with an address of 7361 Laurel Canyon Blvd., North Hollywood, CA 91605. Subtenant acknowledges that the Premises are located on a closed landfill and that present through out the Premises is a methane gas monitoring and collection system with a flair station, which collects and burns methane gas and condensate. This space is being subleased as is. See Exhibit A attached.

3. **Original Lease**

A. This subtenancy is subject to all the terms and conditions of the attached lease dated December 22, 2001 between Calmat Properties, Co., a California corporation, Landlord, and Laurel Canyon Holdings L.L.C., Tenant (the "Original Lease").

B. Except as specified in this Sublease, Subtenant will perform and observe all of the terms and conditions of the Original Lease as if Subtenant were named as Tenant in the Original Lease. Subtenant will do nothing that will create a breach by Sublandlord of any of the terms or conditions of the Original Lease. In the event of the termination of Sublandlord's interest as tenant under the Original Lease, then this Sublease shall terminate simultaneously without any liability of Sublandlord to Subtenant.

C. Each reference in the Original Lease to "Landlord," "Tenant" and "Premises" shall be read as referring to "Sublandlord," Subtenant" and "Subleased Premises," respectively, wherever appropriate. The Original Lease, together with any riders and exhibits thereto, and all of the paragraphs set out in this Sublease shall constitute the complete terms and conditions of this Sublease.

D. Paragraph 8 of the Original Lease shall not confer any rights or obligations to the Subtenant.

4. **Term of Sublease.** This Sublease begins on February 1, 2002 and ends on January 31, 2007.

5. **Rent.** Subtenant will pay to Sublandlord in advance on the 1st day of February, March and April 2002 net Minimum Rent in the amount of \$ \$20,682.00 per month; followed by 57 payments due on the 1st day of each calendar month thereafter net Minimum Rent in the amount of \$26,136.00. Payment shall be made to such address, as Sublandlord shall designate in writing to Subtenant from time to time.

(a) **Rental Adjustment.** During the Term the Minimum Rent provided for in Section 3 herein shall be adjusted on the second anniversary of the Lease Commencement and every two (2) years thereafter in accordance with the adjustment calculations provided in Section 4 of the Original Lease.

(b) **Late Charge.** Tenant acknowledges that Tenant's failure to pay any installment of Minimum Rent, or any other amounts due under this Lease as and when due may cause Landlord to incur costs not contemplated by Landlord when entering into this Lease, the exact nature and amount of which would be extremely difficult and impracticable to ascertain. Accordingly, if any installment of Minimum Rent or any other amount due under the Lease is not received by Landlord within five (5) days of the date that such amounts are due and payable, then, without any notice to Tenant, Tenant shall pay to



10

Landlord an amount equal to six percent (6%) of the past due amount, which the parties agree represents a fair and reasonable estimate of the costs incurred by Landlord as a result of the late payment by Tenant.

(c) **Default Interest.** In the event that Tenant shall fail to pay any amount of Minimum Rent, or any other monetary obligations owed to Landlord hereunder within five (5) days of the date that such amounts are due and payable, Tenant shall pay to Landlord, in addition to such amounts, interest thereon at two percent (2%) above the "prime rate" of interest announced to the public from time to time by Citibank, F.S.B., or the maximum interest rate permitted by law, whichever is less, from the first day of the month in which such monetary obligation was payable to the date of actual payment thereof by Tenant to Landlord.

(d) **Taxes and Assessments.** Tenant shall pay or cause to be paid before delinquency all real and personal property taxes levied or assessed against the Premises, including without limitation all other assessments, utility charges and all other costs as provided in Section 10 and 27 of the Original Lease.

6. Default. The occurrence of any of the following events as a result of subtenant's acts or omissions shall constitute an event of default entitling Sublandlord to exercise those rights specified in the Lease Agreement as available to Lessor there under and any rights provided by law:

- (a) a breach of any covenant of this Sublease;
- (b) a breach of any covenant of the Original Lease imposed therein on Sublandlord and imposed on Subtenant under this Sublease; or
- (c) An occurrence of any event of default specified in the Lease Agreement.

7. Option to Extend Sublease. Sublandlord grants Subtenant the option to extend this Sublease for an additional sixty (60) months on the same terms subject to an increase in Subtenant's base rent hereunder calculated in accordance the adjustment calculations provided within Section 4 of the Original Lease. Subtenant may exercise this option only if Subtenant is in compliance with the terms of this Sublease. To exercise this option, Subtenant must give Sublandlord written notice at least ninety (90) days before the expiration date of the original Sublease term.

8. Security Deposit. Subtenant has deposited \$26,136.00 with Sublandlord as security for Subtenant's performance of this Sublease. Sublandlord will refund the full security deposit to Subtenant, without interest, at the end of the Sublease if Subtenant returns the premises and all furnishings to Sublandlord in good condition (except for reasonable wear and tear) and Subtenant has paid Sublandlord all sums due under this Sublease. Otherwise, Sublandlord may deduct any amounts required to place the premises in good condition and to pay for any sums due under the Sublease.

9. Notices from Landlord. If Landlord notifies Subtenant of any breach of the terms or conditions of the Original Lease, which Subtenant is obligated to perform, Subtenant will immediately notify Sublandlord in writing. Subtenant will promptly cure any breach.

If Landlord notifies Sublandlord of any breach of the terms or conditions of the Original Lease, which Subtenant is obligated to perform, Sublandlord will immediately notify Subtenant in writing. Subtenant will promptly cure any breach.

10. Subletting and Assignment. Subtenant will not assign this Sublease or further sublet any part of the premises without the written consent of both Sublandlord and Landlord. In the event of a permitted assignment, Subtenant shall remain responsible for the performance of all obligations of any subsequent

My



subtenant pursuant to this sublease. Any such assignment, or subletting, without such written consent first being had and obtained shall be void, and shall, at the option of Sublandlord, terminate this Sublease.

11. Indemnification

A. Subtenant will indemnify Sublandlord and hold Sublandlord harmless from all claims and liabilities arising because of Subtenant's failure to meet the terms of the Sublease.

B. Subtenant will arrange for Sublandlord and Landlord to be named as insured parties in all insurance policies required of the Tenant under the Original Lease.

12. Condition of Premises. Subtenant has inspected the premises and the furnishings contained therein and accepts the premises and furnishings "as is" and without warranty of any kind.

13. Landlord's Consent. This Sublease will not be effective unless Landlord signs the Landlord's Consent attached to this Sublease.

14. Disputes. Any controversy or claim arising out of or relating to this Agreement shall be settled by binding arbitration conducted by the American Arbitration Association. Such arbitration will be conducted in the State of California under the American Arbitration Association's National Rules for the resolution of employment disputes (effective June 1, 1997) (the "Rules"). This Agreement to arbitrate is in lieu of a jury trial in federal or state court. Judgment on the arbitration award may be entered in any court that has jurisdiction over the matter. Costs of arbitration, including lawyers' fees, will be allocated by the arbitrator. Sublandlord need not participate in arbitration of a dispute unless Subtenant has paid the rent called for by this Sublease or has placed any unpaid rent in escrow with an agreed upon arbitrator.

15. Additional Agreements and Amendments. All agreements between Sublandlord and Subtenant concerning this subtenancy are incorporated in this Sublease. Any modifications must be in writing.

16. Use of Common Areas. Subtenant acknowledges that the entrance into the Premises is a common area and essential for all tenants use. Subtenant (including customers, subcontractors and visitors) shall keep these areas free and clear at all times and will not block the access of other subtenants at any time.

17. Miscellaneous. This Sublease may not be amended or modified except by an instrument in writing signed by both parties. The invalidity or unenforceability of any provision of this letter agreement shall not affect the validity or enforceability of any other provision of this letter agreement, which shall remain in full force and effect. The failure by Sublandlord, whether once or more than once, to act upon a specific breach of any term, covenant or condition contained in this Sublease shall not be deemed to be a waiver of such term, covenant or condition nor of any subsequent breach of the same or any other term, covenant or condition herein contained. Any subsequent acceptance of rent hereunder by Sublandlord shall not be deemed to be a waiver of any preceding breach by Subtenant of any term, covenant or condition of this Sublease other than the failure of Subtenant timely to pay the particular rent so accepted, regardless of Sublandlord's knowledge of such preceding breach at the time of acceptance of such rent.

CONSENT OF MASTER LANDLORD

CALMAT CO., successor by merger to CALMAT PROPERTIES CO., Master Landlord, hereby consents of the foregoing sublease dated February 1, 2001 between I.V. Auto Salvage and Laurel Canyon Holdings, LLC, without a waiver of the restrictions regarding further assignments, subleases, mortgages or encumbrances or other transfers contained in the Master Lease, and without a waiver of any other term of the Master Lease, and, contrary provisions of the sublease, if any, notwithstanding, on the condition that (a) said sublease shall be subject to all of the terms, conditions and covenants of the Master Lease, and (b) Sublandlord shall not in any way be discharged from any of its obligations, liabilities or duties under the Master Lease, and (c) Sublandlord shall be responsible for the compliance by Subtenant with all provisions of the Master Lease and sublease.

CALMAT CO.

By

Title

Date

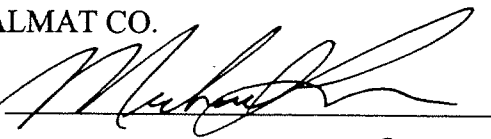

V.P. Business Developer
1/29/02

Exhibit "C"

L E A S E

THIS LEASE (hereinafter called "Lease") is entered into this ^{1st} day of June, 1994, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and INSURANCE AUTO AUCTIONS, a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 19.13 acres, as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. LEASE. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises.

2. TERM. The term of this Lease shall be ten (10) years commencing on June 1, 1994, and expiring on May 31, 2004.

3. RENTAL. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of Twenty-seven Thousand Eighty-two and 34/100 Dollars (\$27,082.34)

per month, as adjusted in accordance with the provisions of paragraph 4, payable in advance on the first day of each calendar month during the term hereof, subject to abatement for the first six (6) months of the term as provided by Paragraph 5. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. RENTAL ADJUSTMENT. During the Lease term the monthly rental rate provided for in paragraph 3 herein shall be adjusted on June 1, 1996 and every two (2) years thereafter (each an "Adjustment Date") as follows: The basis for computing each adjustment in the monthly rental rate shall be the Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles-Anaheim-Riverside Area (Base Year 1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"), which is published for the month which is three (3) months prior to the month in which the commencement date of this Lease occurs ("Beginning CPI"). The CPI published for the month which is three (3) months prior to the month in which the Adjustment Date in question occurs ("Adjustment CPI") is to be used in determining the amount of the adjustment. The monthly rental rate for each two (2) year period commencing with an Adjustment Date shall be the result of multiplying the monthly rental rate by a fraction, the numerator of which is the Adjustment CPI and the denominator of which is the Beginning CPI; provided, however, in no event shall the monthly rental rate be reduced below, nor shall any increase exceed fifteen percent (15%) of, the monthly rental rate payable during the immediately preceding period. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. RENT ABATEMENT. In consideration of the grading and paving required to be made by Tenant to the Premises, rent for the first six (6) months of the Lease term shall be abated,

subject to recapture upon Tenant's vacation of the Premises before the end of the Lease term in connection with a Lease default.

6. SECURITY DEPOSIT. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of \$27,073.45 which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

7. OPTION TO EXTEND TERM. Tenant is given the option to extend the term of this Lease on all the provisions contained in this Lease, except for the term, for a term of five (5) years ("Extended Term") commencing upon expiration of the initial term, by giving written notice of exercise of the option ("Option Notice") to Landlord at least six (6) months prior to the expiration date of the initial term; provided, however, that if Tenant is in default on the date of giving the Option Notice, the Option Notice shall be totally ineffective, or if Tenant is in

default on the date the Extended Term is to commence, the Extended Term shall not commence and this Lease shall expire at the end of the initial term. Tenant shall have no right to extend the term beyond the Extended Term.

8. IMPROVEMENTS TO THE PREMISES. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition, provided however, Landlord shall relocate or place underground methane gas migration pipes and ancillary equipment and, for those portions of the Premises not previously leased by Tenant, install perimeter fencing ("Landlord's Improvements"). With respect to Landlord's Improvements, Landlord shall use its good faith efforts to perform the work in a manner which minimizes disruption of Tenant's business operations on the Premises, Landlord shall advise Tenant in advance of any work to be performed, and Landlord shall proceed with the work promptly upon execution of this Lease, and shall diligently pursue such work to completion. Tenant shall perform all grading and install all paving required for its use. Tenant's entry into possession of the Premises shall be deemed its acceptance of the condition of the Premises. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Thousand Dollars (\$5,000.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of non-responsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances, and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease.

Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

9. TAXES AND ASSESSMENTS. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

10. USE OF PREMISES. Tenant agrees that the Premises shall not be used for any purpose except storage of automobiles in an impound yard. If consistent with such use, automobile auctions of reasonable duration, not to exceed eight (8) hours in any event, may be held by Tenant on the Premises, but not more than seventy (70) per year and not more frequently than two (2) in any seven (7) day period. No welding or open flame shall be permitted on the Premises at any time. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use. Tenant acknowledges and agrees that it shall not store any

property in, or otherwise interfere with use of, common access areas adjacent to the Premises.

11. MAINTENANCE AND REPAIR. Tenant shall at its own expense maintain and keep the Premises, including without limiting the generality of the foregoing, the fence on the perimeter of the Premises, in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises, except repair and maintenance of the methane gas migration system on the Premises to the extent the necessity for such repair is not caused by Tenant or its agents, licensees or invitees. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, and Tenant does not commence to remedy such failure within thirty (30) days after notice from Landlord describing such failure with reasonable particularity, or after commencement of such remedy, Tenant fails at all times thereafter to pursue such remedy with due diligence to completion, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental. Without limiting the foregoing, Tenant acknowledges and agrees that if Tenant fails to effectively repair any fence on the Premises within thirty (30) days after notice from Landlord of the need for such repair, such failure shall be deemed a material

default which has continued for thirty (30) days as described by paragraph 21(f) hereof, and Landlord may pursue its remedies for such default as described in such paragraph, including without limitation, termination of this Lease.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition, subject to reasonable wear and tear. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

12. DAMAGE OR DESTRUCTION. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) This Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair.

(b) If the damage and repair thereof is of such nature and extent as to not interfere substantially with the use of the Premises by Tenant, and Landlord is responsible for repair, this Lease shall remain in effect and there shall be a proportionate abatement of rent for the period of restoration commencing from the date on which Tenant gives Landlord written notice of such damage, based upon the impairment to Tenant's use of the Premises arising from the damage when compared with Tenant's use prior to the damage.

(c) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, and if Landlord is responsible for repair, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing

hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that there shall be a proportionate abatement of rent for the period of restoration commencing from the date on which Tenant gives Landlord written notice of such damage, based upon the impairment to Tenant's use of the Premises arising from the damage when compared with Tenant's use prior to the damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

13. ENTRY. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, making repairs at Tenant's expense which Tenant has failed to make, exercising any of the rights of Landlord under this Lease, posting notices required or permitted by law, and for purposes of repairing and maintaining the methane gas mitigation system on the Premises. In connection with the repair and maintenance of the methane gas migration system, Landlord shall be permitted to install temporary aboveground methane gas pipes. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises. Tenant shall, at all reasonable times, permit access by government authorities and/or Landlord to the water well and gas mitigation system existing on the Premises.

14. SAFETY. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of

1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon, except for the methane gas mitigation system which is the sole responsibility of Landlord. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Tenant shall at all times keep and maintain a clear fire safety road on the Premises, providing access to all fire hydrants thereon (the maintenance and repair of which is Landlord's responsibility), which shall comply fully with all applicable laws, regulations, and orders. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

15. CONDEMNATION. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable by Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be a proportionate abatement of rent based upon the criteria described in paragraph 12(b). Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant.

16. CONSENTS AND WAIVERS. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the

exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

17. LIENS. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

18. INDEMNIFICATION AND EXCULPATION OF LANDLORD. Tenant shall indemnify and defend Landlord and save him harmless from and against any and all claims, actions, damages, liabilities and expenses (including attorney's fees) in connection with loss of life, bodily injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or invitees, except to the extent such loss of life, bodily injury or damage to property is caused by the negligence or wilful misconduct of Landlord. In the event Landlord is made a party to any litigation commenced by or

against Tenant arising from the foregoing, then Tenant shall indemnify and defend Landlord and hold him harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall indemnify and defend Tenant and save him harmless from and against any and all claims, actions, damages, liabilities and expenses (including attorneys' fees) in connection with loss of life, bodily injury or damage to property arising from or out of methane gas produced by the Premises, the methane gas migration system on the Premises, or any "Hazardous Materials," as defined in Paragraph 19, present on the Premises prior to Tenant's (and its predecessor L.A. Auto Salvage, Inc.'s) occupancy of the Premises, except to the extent such loss of life, bodily injury or damage to property is caused by the negligence or willful misconduct of Tenant. In the event Tenant is made a party to any litigation commenced by or against Landlord arising from the foregoing, then Landlord shall indemnify and defend Tenant and hold him harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Tenant in connection therewith.

Except as expressly provided herein, Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever except to the extent such damage is caused by the negligence or wilful misconduct of Landlord. Without limiting the foregoing, except as expressly provided herein, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that except as expressly provided herein, Tenant has sole responsibility for repair and maintenance of the Premises. Except as expressly provided herein, Tenant waives all claims against Landlord for damage to person or property arising for any reason except to the extent claims are attributed to the negligence or wilful misconduct of Landlord.

19. HAZARDOUS MATERIALS.

(a) Tenant warrants and represents to Landlord:

(i) Tenant shall not permit any "Hazardous Materials," as hereinafter defined, to be brought upon, stored, manufactured, or disposed on or transported from the Premises without the prior written consent of Landlord (which consent shall not be unreasonably withheld, provided Tenant demonstrates to Landlord's reasonable satisfaction that the particular material for which consent is sought is commonly used and necessary in Tenant's permitted use of the Premises and that Tenant's use, handling, transportation and disposal of same will comply with all environmental laws).

(ii) Tenant shall at all times be in compliance with all environmental laws applicable to the Premises.

(b) Tenant shall indemnify, defend and hold Landlord harmless against any and all claims, damages, enforcement actions, remedial actions, liabilities, losses, costs and expenses arising out of the presence of any Hazardous Materials brought, deposited or released on the Premises by Tenant, its agents, contractors, employees or invitees. Landlord shall have the right to enter on the Premises to conduct an environmental assessment at any time during the Lease term. If Hazardous Materials for which Tenant is responsible are detected, the cost of this assessment will be paid for by Tenant. Tenant shall be required to take all remedial action necessary to insure clean up of any Hazardous Materials present on the Premises for which Tenant is responsible and to comply with all environmental laws applicable at the end of the Lease term.

(c) The term "Hazardous Material(s)" shall mean any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof which is or may be hazardous to human health or safety or to the

environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including without limitation, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCB's), and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner, based directly or indirectly upon such properties or effects, pursuant to any applicable environmental law.

(d) The term "environmental law(s)" shall mean any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, court decision, ordinances, rules, codes, judicial or administrative orders or decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future, which are or become applicable to Tenant, Tenant's operations or the Premises.

(e) The provisions of this Paragraph shall be in addition to, and shall not diminish in any way, any other provision of this Lease requiring Tenant's compliance with law or Tenant's obligation to defend, indemnify, and hold Landlord harmless.

20. INSURANCE. Tenant shall keep in full force and effect during the term of this Lease, Workers' Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and comprehensive general liability and automobile liability insurance covering all its operations on or related to the Premises. The limits of such liability insurance shall in each case not be less than Two Million Dollars (\$2,000,000.00) combined single limit. All such liability policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall

not be unreasonably withheld), shall provide coverage to Landlord as an additional insured to the same extent as the named insured, shall provide for at least thirty (30) days prior written notice to Landlord of cancellation, termination or material change, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination, cancellation or material change, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

21. DEFAULT. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute which is not dismissed within sixty (60) days of filing;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless

Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant.

Then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, subject to reasonable wear and tear, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of

award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at

any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

22. HOLDING OVER. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such holding over shall be considered a tenancy from month to month subject to all the terms of this Lease pertaining to the obligations of Tenant, but all options and rights of first refusal, if any, granted to Tenant under the term of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy.

23. NOTICES. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90065
Attn: Executive Vice President, Law
and Property

To Tenant: Insurance Auto Auctions
2500 Sand Hill Road
Suite 101A
Menlo Park, CA 94025

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

24. ASSIGNMENT AND SUBLETTING. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord, which shall not be unreasonably withheld. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of

no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a precondition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

- (a) The name and legal composition of the proposed transferee;
- (b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;
- (c) Such information as to the proposed transferee's financial responsibility, business experience and standing as Landlord may reasonably require;
- (d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and
- (e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee.

Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

All rent received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the

sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

25. UTILITIES. Landlord makes no representation or warranty regarding the availability of utilities to the Premises. Tenant shall, at its sole cost, make all arrangements for utility service. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, telephone, and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

26. INSOLVENCY OF TENANT. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

27. ABANDONMENT. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

28. TRANSFER OF LANDLORD'S INTEREST. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

29. SUBORDINATION AGREEMENT. Tenant shall, upon Landlord's request, execute an estoppel certificate and any

instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

30. SIGNS. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

31. INTERPRETATION. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

32. SUCCESSORS AND ASSIGNS. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

33. COST OF LITIGATION. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall

be entitled to recover its reasonable expenses from the other party.

34. QUIET POSSESSION. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

35. QUITCLAIM DEED. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

36. RELATIONS OF PARTIES. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

37. REAL ESTATE BROKERS; FINDERS. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

38. ENTIRE AGREEMENT. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

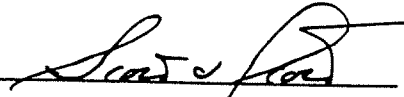
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IN WITNESS WHEREOF, Landlord and Tenant have executed
this Lease as of the day and year first above written.

LANDLORD:

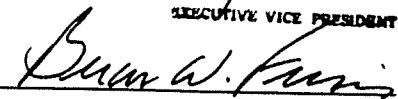
CALMAT CO.

By



EXECUTIVE VICE PRESIDENT

By



ASSISTANT SECRETARY

TENANT:

INSURANCE AUTO AUCTIONS

By



E.V.P.

By

C:\DOCS\BMP\LEASES\AUTOSALV.4

L E A S E

THIS LEASE (hereinafter called "Lease") is entered into this 1st day of JUNE, 1987, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and L.A. AUTO SALVAGE, INC., a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 12.4 acres, as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

2. Term. The term of this Lease shall be seven (7) years commencing on June 1, 1987, and expiring on May 31, 1994, subject to early termination as hereinafter provided.

3. Rental. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of

Twenty-Four Thousand Eight Hundred Dollars (\$24,800.00) per month, and at such rate as adjusted in accordance with the provisions of ¶4, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

In addition to the foregoing, Tenant shall pay to Landlord, for the first five (5) years of the Lease Term, without abatement, deduction, offset or prior demand, an additional rental of Two Thousand Two Hundred Seventy Three and 45/100 Dollars (\$2,273.45) per month, payable in advance on the first day of each calendar month during the term hereof. Said additional monthly rental represents amortization of a loan for Tenant improvements in the amount of One Hundred Seven Thousand Dollars (\$107,000.00) at the rate of ten percent (10%) per annum for five (5) years. Tenant shall have the right to prepay said loan in whole or in part at any time during the first five (5) years of the Lease Term. Should there be a default in any payment of additional rental, the entire remaining principal balance of the loan amount shall thereafter bear interest at the maximum rate an individual is permitted by law to charge, and Landlord may accelerate the loan by declaring the entire remaining principal balance immediately due and payable.

4. Rental Adjustment. The monthly rate provided for in ¶3 herein, shall be adjusted upward on ~~May 1~~ ^{June 1}, 1989 and every two (2) years thereafter on ~~May 1~~ ^{June 1} (during the term hereof or any extension thereof), in the same proportion as the proportional difference between the "Consumer Price Index for Urban Wage Earners and Clerical Workers, all items (Los Angeles-Long Beach-Anaheim Area)", published by the United States Department of Labor, Bureau of Labor Statistics (CPI) in effect on the date of adjustment and the CPI in effect on ~~May 1~~ ^{June 1}, 1987. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. Option to Extend Term. Tenant is given option to extend the term of this Lease following expiration of the initial term on all the provisions contained in this Lease except for the monthly rental rate and term, for a term of one (1) year (an "Extended Term") by giving written notice of exercise of the option ("Option Notice") to Landlord not more than one hundred eighty (180) days but at least sixty (60) days prior to the expiration of the initial term. Provided however, that if Tenant is in default on the date of giving the Option Notice, the Option Notice shall be totally ineffective, or if Tenant is in default on the date the Extended Term is to commence, the Extended Term shall not commence and this Lease shall expire at the end of the initial term.

The monthly rental rate for the Extended Term shall be the monthly rental rate in existence on the expiration of the initial term.

6. Prepaid Rent. Upon execution of this Lease, Tenant shall pay to Landlord the sum of Twenty-Seven Thousand Seventy-Three and 45/100 Dollars (\$27,073.45) which sum shall be credited to the rental and additional rental due for the first full month of the Lease term.

7. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Twenty-Seven Thousand Seventy-Three and 45/100 Dollars (\$27,073.45) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing

the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

8. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition, provided however Landlord shall, upon execution of this Lease, commence to provide a 300 amp electrical service line, a municipal water line and a city sewer line to an outside location adjacent to the site agreed upon for Tenant's office which shall in no event be more than five hundred feet (500') from Laurel Canyon Boulevard; provide sufficient fire hydrants on the Premises; erect a 10 foot fence along the location indicated in blue of Exhibit "A". Tenant's entry into possession of the Premises shall be deemed it's acceptance of the condition of the Premises, including all improvements to be constructed by Landlord. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant

until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

9. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

10. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except storage of automobiles in an impound yard. If consistent with such use, automobile auctions of reasonable duration, not to exceed eight (8) hours in any event, may be held by Tenant on the Premises, but not more than sixty (60) per year and not more frequently than two (2) in any seven (7) day period. No welding or open flame shall be permitted on the Premises at any time. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises

for the use herein stated or any use. Tenant acknowledges and agrees that it shall not store any property in, or otherwise interfere with use of, common access areas adjacent to the Premises.

11. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises, including without limiting the generality of the foregoing, the fence on the perimeter of the Premises, in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental. Without limiting the foregoing, Tenant acknowledges and agrees that if Tenant fails to effectively repair any fence on the Premises within thirty (30) days after notice from Landlord of the need for such repair, such failure shall be deemed a material default which has continued for thirty (30) days as described by paragraph 20(f) hereof, and Landlord may pursue its remedies for such default as described in such paragraph, including without limitation, termination of this Lease.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and

expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

12. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that Tenant's use of the Premises and the rental due hereunder shall be suspended for the period of restoration, commencing from the date on which Tenant gives Landlord written notice of such damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

13. Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to

make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises. Tenant shall, at all reasonable times, permit access by government authorities and/or Landlord to the water well existing on the Premises

14. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (re-

ferred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limitation, the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

15. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or

otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable to Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

16. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other

than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

17. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

18. Indemnification and Exculpation of Landlord. Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of

Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

19. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days notice to Landlord of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

20. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant; then, and in any or either of such events

Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, all within thirty (30) days after service of such notice, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is

computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

20. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such holding over shall be considered a tenancy from month to month subject to all the conditions and restrictions of this Lease.

21. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:


To Landlord: c/o CalMat Self Storage Co.
7245 Laurel Canyon Blvd.
No. Hollywood, CA 91605
Attn: Property Manager

To Tenant: L.A. Auto Salvage, Inc.
15150 Erwin St.
Van Nuys, CA 91411

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

22. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord, which shall not be unreasonably withheld. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a precondition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

- (a) The name and legal composition of the proposed transferee;
- (b) The proposed transferee's intended use of the Premises, ~~which shall not be other than the specific use authorized by this Lease,~~ 
- (c) Such information as to the proposed transferee's financial responsibility, business experience and standing as Landlord may reasonably require;
- (d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and
- (e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent

from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

Ninety percent (90%) of all rent received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

23. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, telephone and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

24. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

25. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

26. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

27. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

28. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

29. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this

Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

30. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

31. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

32. Quiet Possession. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

33. Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

34. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

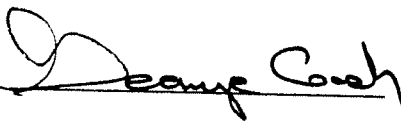
35. Real Estate Brokers; Finders. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

36. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

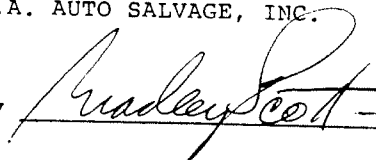
CALMAT CO.

By 

By _____

TENANT:

L.A. AUTO SALVAGE, INC.

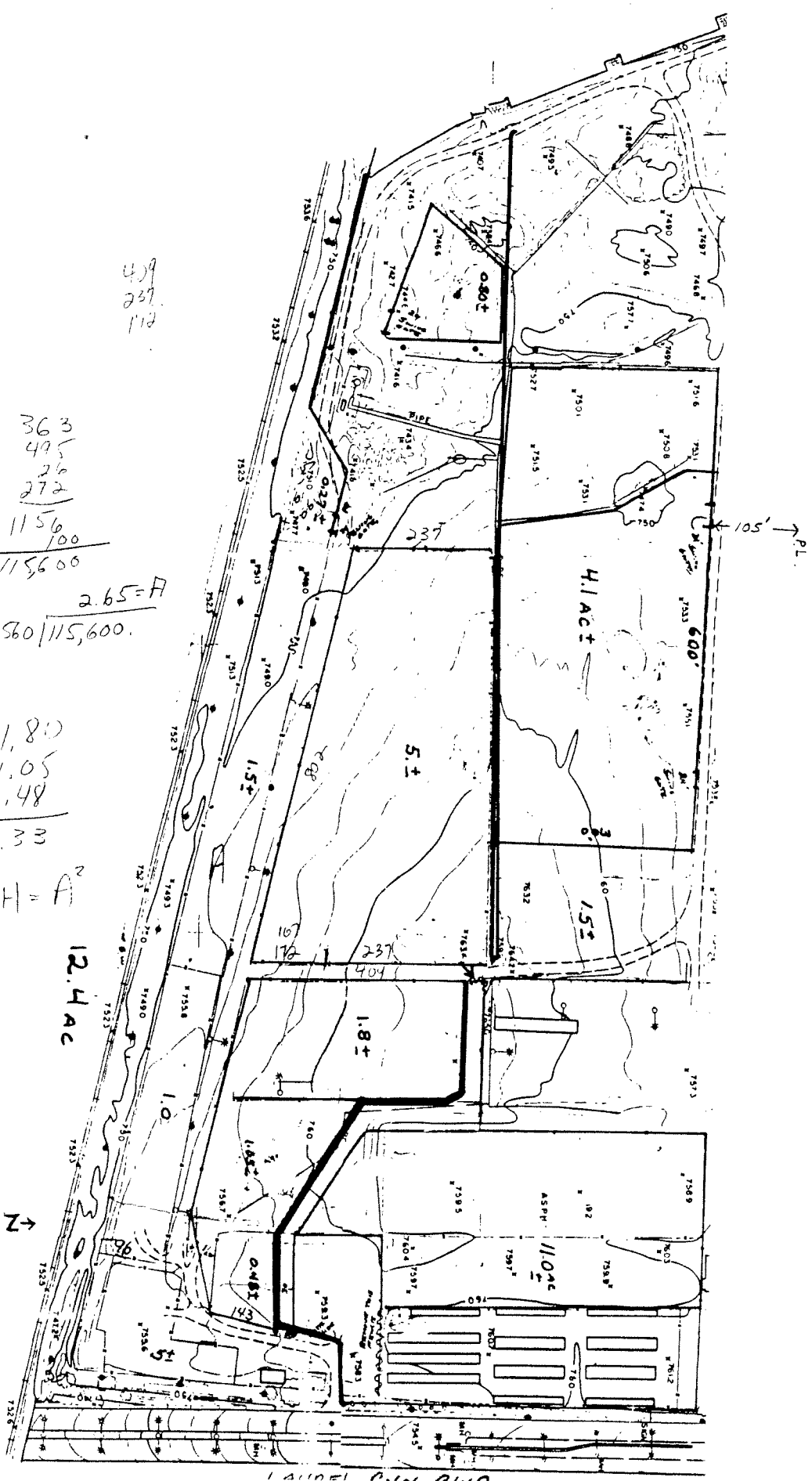
By  - PRESIDENT
LAAS, INC.

By _____

:n

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LANDLORD'S WAIVER

This Agreement is by and between WESTINGHOUSE CREDIT CORPORATION, a Delaware corporation (hereinafter called "Lender"), LOS ANGELES AUTO SALVAGE, INC., a California corporation (hereinafter called "Borrower"), and CALMAT CO., a Delaware corporation (hereinafter called "Landlord").

WHEREAS, Borrower has entered into an agreement with Landlord for the rental of real property consisting of approximately 12.4 acres (the "Demised Premises"); and

WHEREAS, Borrower has granted or is about to grant Lender a security interest under the California Uniform Commercial Code in and to the personal property only of Borrower (the "Collateral"), which Collateral is or is to be located on or affixed to the Demised Premises, in consideration of financial accommodations extended or to be extended by Lender to Borrower.

NOW, THEREFORE, Landlord, Lender and Borrower agree as follows:

1. That, until payment in full of all debts owed by Borrower to Lender, secured by the above-described Collateral, such Collateral shall remain the personal property of Borrower, notwithstanding that such Collateral may be located on or otherwise affixed to the Demised Premises.

2. Landlord does hereby subordinate any and all claims or rights it may have or accede to in and to such Collateral by virtue of its interest in the Demised Premises, to the security interest of Lender above-described.

3. Landlord hereby agrees that Lender or its representatives may, upon reasonable notice to Landlord of a default by Borrower in its obligations to Lender, enter upon the Demised Premises for the purpose of inspecting and/or

removing the Collateral, provided however that Lender shall indemnify and hold Landlord harmless from and against any and all claims, suits, damages and/or liabilities (including attorneys' fees) arising therefrom. The foregoing notwithstanding, Lender or its representatives shall not remove any of the Collateral from the Demised Premises if such removal would result in Landlord's violation of any rule, regulation, ordinance, statute or law.

4. Landlord shall have no obligation or duty to determine whether or not Borrower has defaulted in its obligations to Lender, and Landlord shall be entitled to rely, fully and without recourse by Borrower, on receipt of written notice from Lender that Borrower has defaulted, and Lender shall indemnify and hold Landlord harmless from and against any and all claims, suits, damages and/or liabilities (including attorneys' fees) arising therefrom.

5. This Agreement shall not be effective until execution by all of the parties: Landlord, Lender and Borrower, and receipt of a fully-executed original by Landlord.

LANDLORD:

CALMAT CO.,
a Delaware corporation

Date: 1/12/90

By: [Signature]

Its: Asst. Secretary

LENDER:

WESTINGHOUSE CREDIT CORPORATION,
a Delaware corporation

Date: _____

By: _____

Its: _____

BORROWER:

LOS ANGELES AUTO SALVAGE, INC.,
a California corporation

Date: 1-10-90

By: [Signature]

Its: President

MONTH TO MONTH TENANCY AGREEMENT

THIS AGREEMENT (hereinafter called "Lease") is entered into this 1ST day of JULY, 1987, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and

LAIDLAW TRANSIT INC.

(hereinafter called "Tenant").

RECITALS

A. Landlord is the Owner of that certain premises situated in the City of LOS ANGELES, County of LOS ANGELES, State of California (the "Premises"), consisting of approximately 1.0[±] acres as shown on the map attached hereto and incorporated herein as Exhibit "A".

B. Tenant desires to lease from Landlord and Landlord desires to let to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises.

2. Term. The term of this Lease shall be month to month commencing on JULY 1, 1987. This lease may be terminated by either party upon at least thirty (30) days written notice thereof to the other party.

3. Rental. Commencing on JULY 1, 1987, Tenant shall pay to Landlord a monthly rental of \$ 2000⁰⁰ per month, payable in advance on the first day of each calendar month during the term hereof. If this Lease commences on a date other than the first day of a calendar month, rent for the first month shall be pro-rated. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease,

as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of \$ 2000.00 which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the above-mentioned amount.

5. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Upon entry into possession of the Premises, Tenant shall fence the perimeter of the Premises in a manner satisfactory to Landlord. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may,

by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

6. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except BUS STORAGE YARD. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use.

7. Maintenance and Repair. Tenant leases Premises in an "as is" condition based upon its own independent investigation and not on any warranty of Landlord express or implied. Tenant's taking possession of the Premises shall constitute Tenant's acceptance of the condition of same. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942,

with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense clean up and remove from the Premises all personal property, rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

8. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

9. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the Federal Mine Safety and Health

Act of 1977, 30 U.S.C. §801 et seq., and the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq. (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises.

10. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

11. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation

Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days notice to Landlord in the event of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

12. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Self Storage Co.
7361 Laurel Canyon Blvd.
N. Hollywood, CA 91605
Attn: Property Manager

To Tenant: LAIDLAW TRANSIT INC.
14801 CALISA ST
VAN NUYS, CA 91411

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

13. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises. Any attempted assignment, sublease, or encumbrance shall be void and of no force and effect.

14. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, telephone, gas, water and all similar charges which may accrue with respect to the Premises during the term of this Lease.

15. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord.

16. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

17. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or

proceeding shall be entitled to recover its reasonable expenses from the other party.

18. Waiver of Performance. The failure of Landlord to insist upon performance of any of the conditions of this Lease in any one or more instances shall not be a waiver thereafter of the right to full performance of all of the agreements of Tenant herein set forth, and of all conditions, when any performance is due.

19. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

20. Real Estate Brokers; Finders. Each party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

21. Other Provisions. TENANT MUST NOT MOVE BUSES IN AND OUT ON A DAILY BASIS. THAT IS, TENANT WILL NOT USE PREMISES AS AN OPERATING TERMINAL. HOWEVER, TENANT RESERVES THE RIGHT TO MOVE PORTIONS OF THE VEHICLES IN AND OUT FOR REPAIRS, DEMONSTRATION OR OTHER REASONS.

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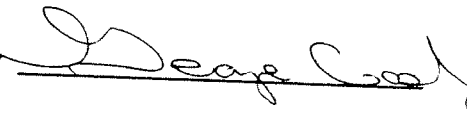
22. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

CALMAT CO.

By

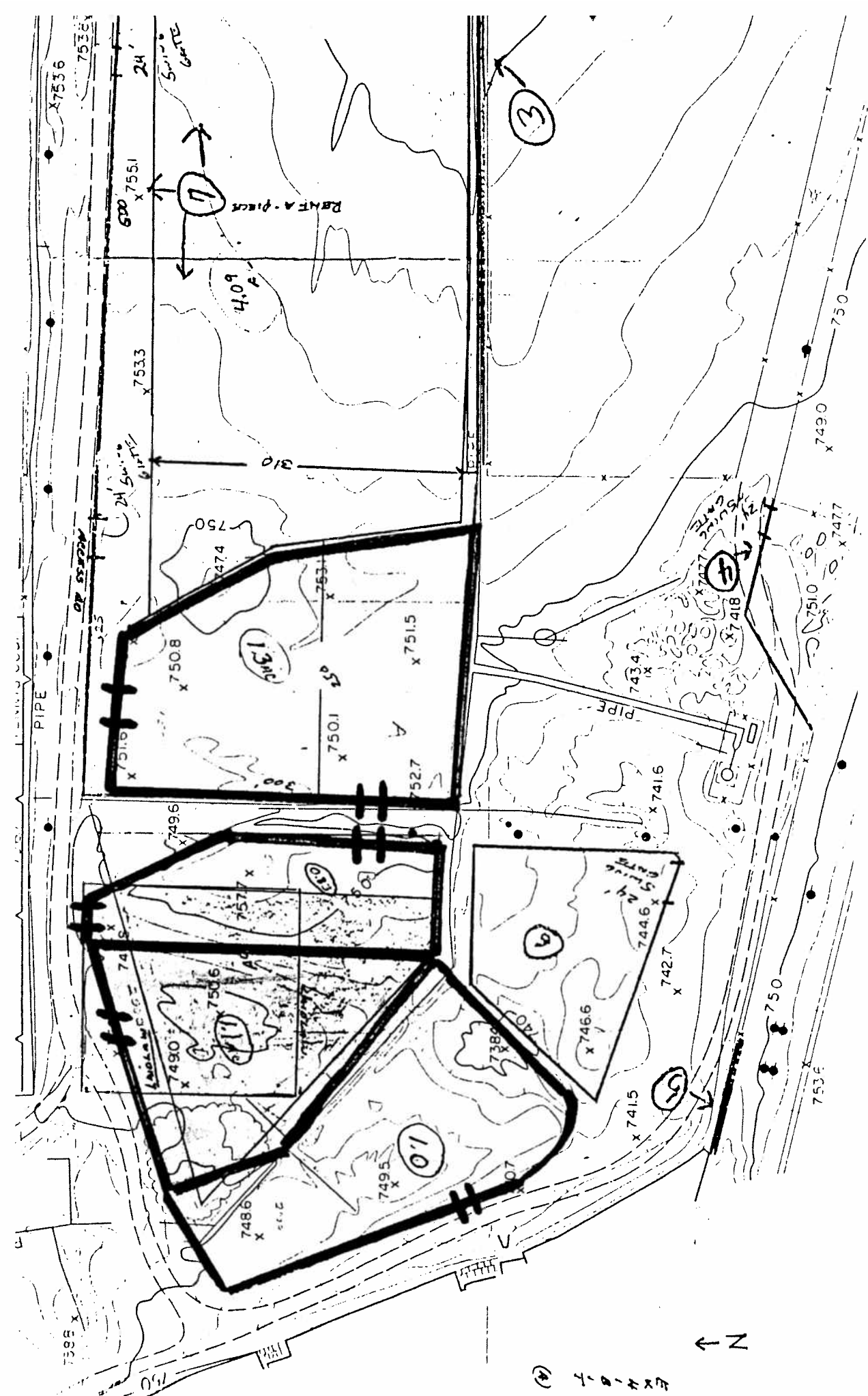


TENANT:

By



:k



TENANCY AGREEMENT

THIS TENANCY AGREEMENT (hereinafter called "Agreement") is entered into this _____ day of _____, 199_, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and Raul Cano (hereinafter called "Tenant").

RECITALS

A. Landlord is the Owner of that certain premises situated in the City of Los Angeles, County of Los Angeles State of California, consisting of one (1) prefabricated manager's residence (the "Premises") located on the CalMat Self-Storage facility located at 7361 Laurel Canyon Blvd
Los Angeles

B. Tenant desires to lease from Landlord and Landlord desires to let to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Agreement. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises.

2. Term. The term of this Agreement shall commence on 1 March 1993 and terminate on the date which is fifteen (15) days after the date of the termination of Tenant's employment with Landlord.

3. Rental. Tenant shall pay to Landlord a monthly rental of \$ 400.00 per month, payable in advance on the first day of each calendar month during the term hereof. If this Agreement commences on a date other than the first day of a calendar month, rent for the first month shall be prorated.

4. Improvements to the Premises. Tenant leases the Premises and the improvements thereon in an "as is" condition. Tenant shall not construct improvements to the Premises without Landlord's prior written approval.

5. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except as a residence for not more than 3 persons.

6. Condition Upon Termination. Upon the termination of this Agreement, Tenant shall at its sole cost and expense clean up and remove from the

Premises all personal property, rubbish and debris and turn over the Premises to Landlord in good order and in a clean, sanitary condition.

7. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or exercising any of the rights of Landlord under this Agreement, or for posting notices required or permitted by law.

8. Notices. Whenever in this Agreement it shall be required that notice or demand be given or served by either party to this Agreement, such notice or demand shall be in writing and shall be delivered personally or forwarded by certified mail, postage prepaid, addressed as follows:

To Landlord:

CalMat Co.
Attn: George Cosby, Vice President
3200 San Fernando Road
Los Angeles, CA 90065

To Tenant:

Raul Cano
7361 Laurel Canyon
North Hollywood, CA

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

9. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises. Any attempted assignment, sublease, or encumbrance shall be void and of no force and effect.

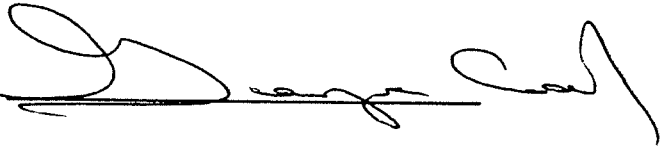
10. Waiver of Performance. The failure of Landlord to insist upon performance of any of the conditions of this Agreement in any one or more instances shall not be a waiver thereafter of the right to full performance of all of the agreements of Tenant herein set forth, and of all conditions, when any performance is due.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Agreement as of the day and year first above written.

LANDLORD:

CALMAT CO.

By



TENANT:

By



By

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LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 24 day of December 1996, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and DESMONDS STUDIO PRODUCTION SERVICES, a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 7.6 acres as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

Landlord may, in its sole and absolute discretion, upon thirty (30) days notice to Tenant, or immediately upon notice in the event of an emergency, change the location of the Premises to any other area of land of approximately the same size owned or leased by Landlord or an affiliate within a radius of three (3) miles of the original Premises.

2. Term. The term of this Lease shall be five (5) years commencing on November 1, 1996, and expiring on October 31, 2001.

3. Rental. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of Thirteen Thousand Five Hundred Dollars (\$13,500.00) per month, adjusted in accordance with the provisions of paragraph 4, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Rental Adjustment. The monthly rental rate provided for in paragraph 3 herein shall be adjusted on each anniversary date of this Lease ("Adjustment Date") as follows: the basis for computing each adjustment in the monthly rental rate shall be the Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles-Anaheim-Riverside Area (Base Year 1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"), which is published for the month which is three (3) months prior to the month in which the commencement date of this Lease occurs ("Beginning CPI"). The CPI published for the month which is three (3) months prior to the month in which the Adjustment Date in question occurs ("Adjustment CPI") is to be used in determining the amount of the adjustment. The monthly rental rate for each one year period commencing with an Adjustment Date shall be the result of multiplying the monthly rental rate by a fraction, the numerator of which is the Adjustment CPI and the denominator of which is the Beginning CPI, provided however, in no event shall the monthly rental rate be reduced below the monthly rental rate payable during the immediately preceding period. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. Late Charges. Tenant's failure to pay rent may cause Landlord to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges. Therefore, if Landlord does not receive any rent payment within ten (10) days after it becomes due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of the overdue

amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late rent payment.

6. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Fourteen Thousand Three Hundred Dollars (\$14,300.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

7. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant's entry into possession of the Premises shall be deemed its acceptance of the condition of the Premises. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use (except that Tenant shall not construct any additional lighting); provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the

construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

8. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

9. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except parking and storage of trucks, vans and movie studio equipment. Without limiting the foregoing or any other provision of this Lease, the following activities are specifically prohibited on the Premises: 1) washing of vehicles or equipment; 2) welding or open flame; 3) obstruction of common roads or other common areas; 4) storage of fuel, fuel hauling vehicles, or any toxic or hazardous substance. Tenant agrees, at its own cost and expense, to comply with all permits, laws, rules, regulations, ordinances and statutes of any and all municipal, county, state and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. If permitted by applicable law and ordinance, a maximum of one (1) person may reside on the Premises if such person is employed by Tenant as a caretaker. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere

with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use. Tenant's access and use of the Premises shall be limited to the hours of 6 a.m. to 10 p.m.daily, which hours shall be subject to revision in Landlord's sole discretion. If any vehicle or equipment obstructs Tenant's access to the Premises during the hours Tenant's access is permitted, Tenant may have such vehicle or equipment removed at owner's expense.

10. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

11. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that there shall be a proportionate abatement of rent for the period of restoration commencing from the date on which Tenant gives Landlord written notice of such damage, based upon the impairment to Tenant's use of the Premises arising from the damage when compared with Tenant's use prior to the damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

12. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent," "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

13. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety

Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises.

14. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable by Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

15. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No

act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

16. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

17. Indemnification and Exculpation of Landlord. Tenant shall defend, indemnify and hold harmless Landlord and its parents, subsidiaries, affiliates and contractors, and their respective officers, directors, attorneys, agents and employees (each an "Indemnatee"), from and against any and all claims, actions, damages, demands, losses, liabilities and expenses, of every nature and character, including but not limited to reasonable attorneys' fees (all

collectively "Claims"), which arise in whole or in part from, out of, or in connection with the failure of Tenant to observe and follow safety regulations or otherwise arising in whole or in part from, out of, or in connection with Tenant's entry onto or use of the Premises, including but not limited to Claims arising from the active or passive negligence of the Indemnitee, except Claims which are caused solely by the active negligence, gross negligence or willful misconduct of the Indemnites. Payment shall not be a condition precedent to recovery under the forgoing indemnity. Tenant hereby releases the Indemnites from all liability for any loss or damage to Tenant or Tenant's property caused by the negligence of the Indemnites, or otherwise. Tenant hereby assumes full responsibility for and the risk of any loss or damage to Tenant or Tenant's property caused by the negligence of the Indemnites. In the event the Indemnites, or any of them, are made party to any litigation arising from a Claim for which Tenant is obligated to defend the Indemnites under the terms hereof, Tenant shall defend the Indemnites with the attorney of Landlord's choice and pay all reasonable costs, expenses and attorneys' fees incurred by the Indemnites in connection therewith. The provisions of this paragraph shall survive until such time as actions against the Indemnites on account of any Claim shall have been barred by applicable statutes of limitations.

18. Hazardous Materials.

(a) Tenant warrants and represents to Landlord:

(i) Tenant's business operations on the Premises shall not involve the use, storage or generation of "Hazardous Materials," as hereinafter defined, and Tenant shall not permit any Hazardous Materials to be brought upon, stored, manufactured, or disposed on or transported from the Premises.

(ii) Tenant shall at all times be in compliance with all environmental laws applicable to the Premises.

(b) Tenant shall indemnify, defend and hold Landlord harmless against any and all claims, damages, enforcement actions, remedial actions, liabilities, losses, costs and expenses arising out of the presence of any Hazardous Materials on the Premises. Landlord shall have the right to enter on the Premises to conduct an environmental assessment at any time during the Lease term. If Hazardous Materials are detected, the cost of this assessment

will be paid for by Tenant. Tenant shall be required to take all remedial action necessary to insure clean up of any Hazardous Materials present on the Premises and to comply with all environmental laws applicable at the end of the Lease term.

(c) The term "Hazardous Material(s)" shall mean any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including without limitation, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCB's), and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner, based directly or indirectly upon such properties or effects, pursuant to any applicable environmental law.

(d) The term "environmental law(s)" shall mean any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, court decision, ordinances, rules, codes, judicial or administrative orders or decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future, which are or become applicable to Tenant, Tenant's operations or the Premises.

(e) The provisions of this Paragraph shall be in addition to, and shall not diminish in any way, any other provision of this Lease requiring Tenant's compliance with law or Tenant's obligation to defend, indemnify, and hold Landlord harmless.

19. Insurance. Tenant shall keep and maintain in force during the term hereof the following policies of insurance:

(a) Comprehensive general liability insurance with coverages including Premises/Operations, Products/Completed Operations, Blanket Contractual, Owner's and Contractor's Protective, and Personal Injury, and with limits of not less than ^{Two}~~Five~~ Million Dollars combined single limit and annual aggregate for Bodily Injury and Property Damage, which limits shall apply separately to the Premises, and

W.D. [Signature]

(b) Comprehensive automobile liability insurance, covering all Owned, Leased and Hired Autos and Trucks and Non-Owned Autos and Trucks, and with limits of Two Million Dollars combined single limit per accident for Bodily Injury and Property Damage, and

(c) Workers' compensation and employer's liability insurance covering all of Tenant's employees, with limits for workers' compensation as required by law and limits for employer's liability of not less than One Million Dollars per occurrence, with a waiver of subrogation as to Landlord and its parents, subsidiaries, affiliates and contractors, and their respective officers, directors, attorneys, agents and employees.

Each general liability and automobile liability policy shall be endorsed to provide coverage as additional insureds, to the same extent as the named insured, to Landlord, and its parents, subsidiaries, affiliates and contractors, and their respective officers, directors, attorneys, agents and employees, shall contain a severability of interest provision allowing Landlord and the other additional insureds to recover on a claim covered by the policy notwithstanding that they are additional insureds, and shall provide that the insurance afforded to the additional insureds under the policy shall be primary insurance and shall not be contributory in any way with insurance or self insurance maintained by the additional insureds. The liability insurance policies described above shall be issued by companies approved to do business in California and which have a current A.M. Best Company rating of at least A-/VII. Tenant shall at all times provide Landlord with certificates of insurance, including copies of the required endorsements, evidencing that the foregoing insurance is in effect. Each certificate will provide for at least thirty (30) days prior written notice to Landlord of cancellation, termination or material change. Insurance written on a claims form shall be endorsed to provide an extended reporting period of not less than five (5) years following termination of this Lease.

20. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant;

Then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

21. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either express or

implied, such holding over shall be a tenancy from month to month subject to all the terms of this Lease pertaining to the obligations of Tenant.

22. Notices. All notices, demands, and requests under this Lease by either party shall be sent by United States first class mail, certified or express, postage prepaid, or personally delivered (including delivery by a national express courier such as Federal Express, U.P.S., etc.), addressed to the parties as follows:

To Landlord: CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90065
Attn: George Cosby

To Tenant: Desmonds Studio Production Services
P.O. Box ~~634~~ 15817
~~Northridge, CA 91328~~
NORTH HOLLYWOOD, CA 91615-5817

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

23. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the express written consent of Landlord which consent may be withheld in Landlord's sole and absolute discretion. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a condition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

- (a) The name and legal composition of the proposed transferee;
- (b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;

(c) Such information as to the proposed transferee's financial responsibility, business experience, and standing as Landlord may reasonably require;

(d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and

(e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgment that no default then exists under

this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

With respect to a sublease, license or other transfer of less than all of Tenant's interest hereunder, consideration received from its transferee in excess of the consideration otherwise payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt. With respect to an assignment, all consideration received by Tenant from its transferee is hereby assigned to Landlord.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

24. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, telephone and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

25. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

26. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

27. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

28. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

29. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

30. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated

thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only. Unless the context of this Lease clearly requires otherwise, (a) the plural and singular numbers shall each be deemed to include the other; (b) the masculine, feminine and neuter genders shall each be deemed to include the others; (c) "or" is not exclusive; and (d) "includes" and "including" are not limiting.

31. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

32. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

33. Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

34. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

35. Real Estate Brokers; Finders. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

36. Entire Agreement. This Lease constitutes the final, complete and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Lease and supersedes all prior and contemporaneous understandings or agreements of the parties. No party has been induced to enter into this Lease by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Lease.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.


LANDLORD:

CALMAT CO.

By 

TENANT:

DESMONDS STUDIO
PRODUCTION SERVICES

By 
12-13-96

[WED/11-06-96/03:19p/ms]
V:\FERRIS\DESMLEA.001

LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 10th day of August, 1994, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and DESMONDS STUDIO PRODUCTION SERVICES, a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 8 acres as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

Landlord may, in its sole and absolute discretion, upon thirty (30) days notice to Tenant, or immediately upon notice in the event of an emergency, change the location of the Premises to any other area of land of approximately the same size owned or

leased by Landlord or an affiliate within a radius of three (3) miles of the original Premises.

2. Term. The term of this Lease shall be two (2) years commencing on June 1, 1994, and expiring on June 1, 1996, subject to early termination as hereinafter provided.

3. Rental. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of Thirteen Thousand Dollars (\$13,000.00) per month, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Rental Adjustment. The monthly rental rate provided for in ¶3 herein shall be adjusted on each anniversary date of this Lease ("Adjustment Date") as follows: the basis for computing each adjustment in the monthly rental rate shall be the Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles-Anaheim-Riverside Area (Base Year 1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"), which is published for the month which is three (3) months prior to the month in which the commencement date of this Lease occurs ("Beginning CPI"). The CPI published for the month which is three (3) months prior to the month in which the Adjustment Date in question occurs ("Adjustment CPI") is to be used in determining the amount of the adjustment. The monthly rental rate for each one year period commencing with an Adjustment Date shall be the result of multiplying the monthly rental rate by a fraction, the numerator of which is the Adjustment CPI and the denominator of which is the Beginning CPI, provided however, in no event shall the monthly rental rate be reduced below the monthly rental rate payable during the immediately preceding period. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. Late Charges. Tenant's failure to pay rent may cause Landlord to incur unanticipated costs. The exact amount of

such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges. Therefore, if Landlord does not receive any rent payment within ten (10) days after it becomes due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late rent payment.

6. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Fourteen Thousand Three Dollars (\$14,300.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

7. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant's entry into possession of the Premises shall be deemed it's acceptance of the condition of the Premises. Tenant shall have the right to construct, at its sole cost and expense,

such additional improvements to the Premises as it deems necessary for its own use (except that Tenant shall not construct any additional lighting); provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

8. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

9. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except parking and storage of trucks, vans and movie studio equipment. Without limiting the foregoing or any other provision of this Lease, the following activities are specifically prohibited on the Premises: 1) washing of vehicles or equipment; 2) welding or open flame; 3) obstruction

of common roads or other common areas; 4) storage of fuel, fuel hauling vehicles, or any toxic or hazardous substance. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. If permitted by applicable law and ordinance, a maximum of one (1) person may reside on the Premises if such person is employed by Tenant as a caretaker. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use. Tenant's access and use of the Premises shall be limited to the hours of 6 A.M. to 10 P.M. daily, which hours shall be subject to revision in Landlord's sole discretion. If any vehicle or equipment obstructs Tenant's access to the Premises during the hours Tenant's access is permitted, Tenant may have such vehicle or equipment removed at owner's expense.

10. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should

Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

11. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that there shall be a proportionate abatement of rent for the period of restoration commencing from the date on which Tenant gives Landlord written notice of such damage, based upon the impairment to

Tenant's use of the Premises arising from the damage when compared with Tenant's use prior to the damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

12. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

13. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a

breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

14. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable by Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

15. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission,

acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

16. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

17. Indemnification and Exculpation of Landlord. Tenant shall indemnify and defend Landlord and save him harmless from and against any and all claims, actions, damages, liabilities and

expenses in connection with loss of life, bodily injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants, unless such loss of life, bodily injury or damage to property is caused solely and exclusively by the active negligence or wilful misconduct of Landlord. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall indemnify and defend Landlord and hold him harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever unless such damage is caused solely and exclusively by the active negligence or wilful misconduct of Landlord. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason except claims arising solely and exclusively from the active negligence or wilful misconduct of Landlord.

18. HAZARDOUS MATERIALS.

(a) Tenant warrants and represents to Landlord:

(i) Tenant's business operations on the Premises shall not involve the use, storage or generation of "Hazardous Materials," as hereinafter defined, and Tenant shall not permit any Hazardous Materials to be brought upon, stored, manufactured, or disposed on or transported from the Premises.

(ii) Tenant shall at all times be in compliance with all environmental laws applicable to the Premises.

(b) Tenant shall indemnify, defend and hold Landlord harmless against any and all claims, damages, enforcement actions, remedial actions, liabilities, losses, costs and expenses arising out of the presence of any Hazardous Materials on the Premises. Landlord shall have the right to enter on the Premises to conduct an environmental assessment at any time during the Lease term. If Hazardous Materials are detected, the cost of this assessment will be paid for by Tenant. Tenant shall be required to take all remedial action necessary to insure clean up of any Hazardous Materials present on the Premises and to comply with all environmental laws applicable at the end of the Lease term.

(c) The term "Hazardous Material(s)" shall mean any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including without limitation, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCB's), and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner, based directly or indirectly upon such properties or effects, pursuant to any applicable environmental law.

(d) The term "environmental law(s)" shall mean any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, court decision, ordinances, rules, codes, judicial or administrative orders or decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future, which are or become applicable to Tenant, Tenant's operations or the Premises.

(e) The provisions of this Paragraph shall be in addition to, and shall not diminish in any way, any other provision

of this Lease requiring Tenant's compliance with law or Tenant's obligation to defend, indemnify, and hold Landlord harmless.

19. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Workers' Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and comprehensive general liability and automobile liability insurance covering all its operations on or related to the Premises. The limits of such liability insurance shall in each case not be less than Two Million Dollars (\$2,000,000.00) combined single limit. All such liability policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall provide coverage to Landlord as an additional insured to the same extent as the named insured, shall provide for at least thirty (30) days prior written notice to Landlord of cancellation, termination or material change, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination, cancellation or material change, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

20. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and

shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant;

Then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of

its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a

receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

21. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either express or implied, such holding over shall be a tenancy from month to month subject to all the terms of this Lease pertaining to the obligations of Tenant.

22. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90065
Attn: George Cosby, Vice President

To Tenant: Desmonds Studio Production Services
P.O. Box 621
Northridge, CA 91328

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

23. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the express written consent of Landlord which consent may be withheld in Landlord's sole and absolute discretion. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as

a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a condition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

- (a) The name and legal composition of the proposed transferee;
- (b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;
- (c) Such information as to the proposed transferee's financial responsibility, business experience, and standing as Landlord may reasonably require;
- (d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and
- (e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without

the necessity of exhausting remedies against said transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

All rent and other consideration received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the

sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

24. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, telephone and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

25. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

26. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

27. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

28. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

29. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

30. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

31. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

32. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

33. Quiet Possession. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other

terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

34. Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

35. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

36. Real Estate Brokers; Finders. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

37. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.


LANDLORD:

CALMAT CO.

By 

TENANT:

DESMONDS STUDIO PRODUCTION
SERVICES

By 
Vice President

C:\DOCS\BNF\LEASES\DESMONDS

LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 22 day of June, 1990, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and DESMONDS STUDIO PRODUCTION SERVICES, a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 6.5 acres as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

Landlord may, in its sole and absolute discretion, upon thirty (30) days notice to Tenant, or immediately upon notice in the event of an emergency, change the location of the Premises to any other area of land of approximately the same size owned or

leased by Landlord or an affiliate within a radius of three (3) miles of the original Premises.

2. Term. The term of this Lease shall be three (3) years commencing on July 1, 1990, and expiring on June 30, 1993, subject to early termination as hereinafter provided.

3. Rental. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of Fourteen Thousand Three Hundred Dollars (\$14,300.00) per month, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Rental Adjustment. The monthly rental rate provided for in ¶3 herein shall be adjusted on each anniversary date of this Lease ("Anniversary Date") as follows: the basis for computing each adjustment in the monthly rental rate shall be the Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles-Anaheim-Riverside Area (Base Year 1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"), which is published for the month which is three (3) months prior to the month in which the commencement date of this Lease occurs ("Beginning CPI"). The CPI published for the month which is three (3) months prior to the month in which the Adjustment Date in question occurs ("Adjustment CPI") is to be used in determining the amount of the adjustment. The monthly rental rate for each one year period commencing with an Adjustment Date shall be the result of multiplying the monthly rental rate by a fraction, the numerator of which is the Adjustment CPI and the denominator of which is the Beginning CPI, provided however, in no event shall the monthly rental rate be reduced below the monthly rental rate payable during the immediately preceding period. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. Prepaid Rent. Upon execution of this Lease, Tenant shall pay to Landlord the sum of Fourteen Thousand Three Hundred Dollars (\$14,300.00) which sum shall be credited to the rental due for the first full month of the Lease term.

6. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Fourteen Thousand Three Dollars (\$14,300.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

7. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant's entry into possession of the Premises shall be deemed its acceptance of the condition of the Premises. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use (except that Tenant shall not construct any additional lighting); provided, however, that improvements

which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

8. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

9. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except parking and storage of trucks, vans and movie studio equipment. Without limiting the foregoing or any other provision of this Lease, the following activities are specifically prohibited on the Premises: 1) washing of vehicles or equipment; 2) welding or open flame; 3) obstruction of common roads or other common areas; 4) storage of fuel, fuel hauling vehicles, or any toxic or hazardous substance.

Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. If permitted by applicable law and ordinance, a maximum of one (1) person may reside on the Premises if such person is employed by Tenant as a caretaker. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use. Tenant's access and use of the Premises shall be limited to the hours of 6 A.M. to 10 P.M. daily, which hours shall be subject to revision in Landlord's sole discretion. If any vehicle or equipment obstructs Tenant's access to the Premises during the hours Tenant's access is permitted, Tenant may have such vehicle or equipment removed at owner's expense.

10. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at

any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

11. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that Tenant's use of the Premises and the rental due hereunder shall be suspended for the period of restoration,

commencing from the date on which Tenant gives Landlord written notice of such damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

12. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

13. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages

arising as a result of a breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

14. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable to Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

15. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a

consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

16. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

17. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

18. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days notice to Landlord of cancellation or

termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor or any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

19. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or

discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant; then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, all within thirty (30) days after service of such notice, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such

rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

20. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such holding over shall be considered a tenancy from month to month subject to all the conditions and restrictions of this Lease.

21. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: c/o CalMat Co. Self Storage
7361 Laurel Canyon Blvd.
No. Hollywood, CA 91605
Attn: Property Manager

To Tenant: Desmonds Studio Production Services
P.O. Box 621
Northridge, CA 91328

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

22. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord which consent may be withheld in Landlord's sole and absolute discretion. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a condition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

(a) The name and legal composition of the proposed transferee;

(b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;

(c) Such information as to the proposed transferee's financial responsibility and standing as Landlord may reasonably require;

(d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and

(e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee,

except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

All rent and other consideration received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

23. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas,

telephone and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

24. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

25. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

26. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

27. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

28. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at

Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

29. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

30. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

31. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

32. Quiet Possession. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

33. Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease,

immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

34. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

35. Real Estate Brokers; Finders. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

36. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

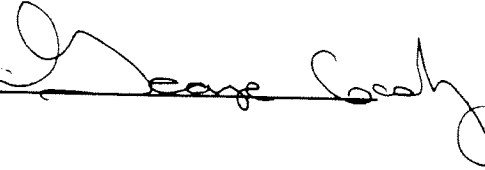
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IN WITNESS WHEREOF, Landlord and Tenant have executed
this Lease as of the day and year first above written.

LANDLORD:


CALMAT CO.

By 

By _____

TENANT:

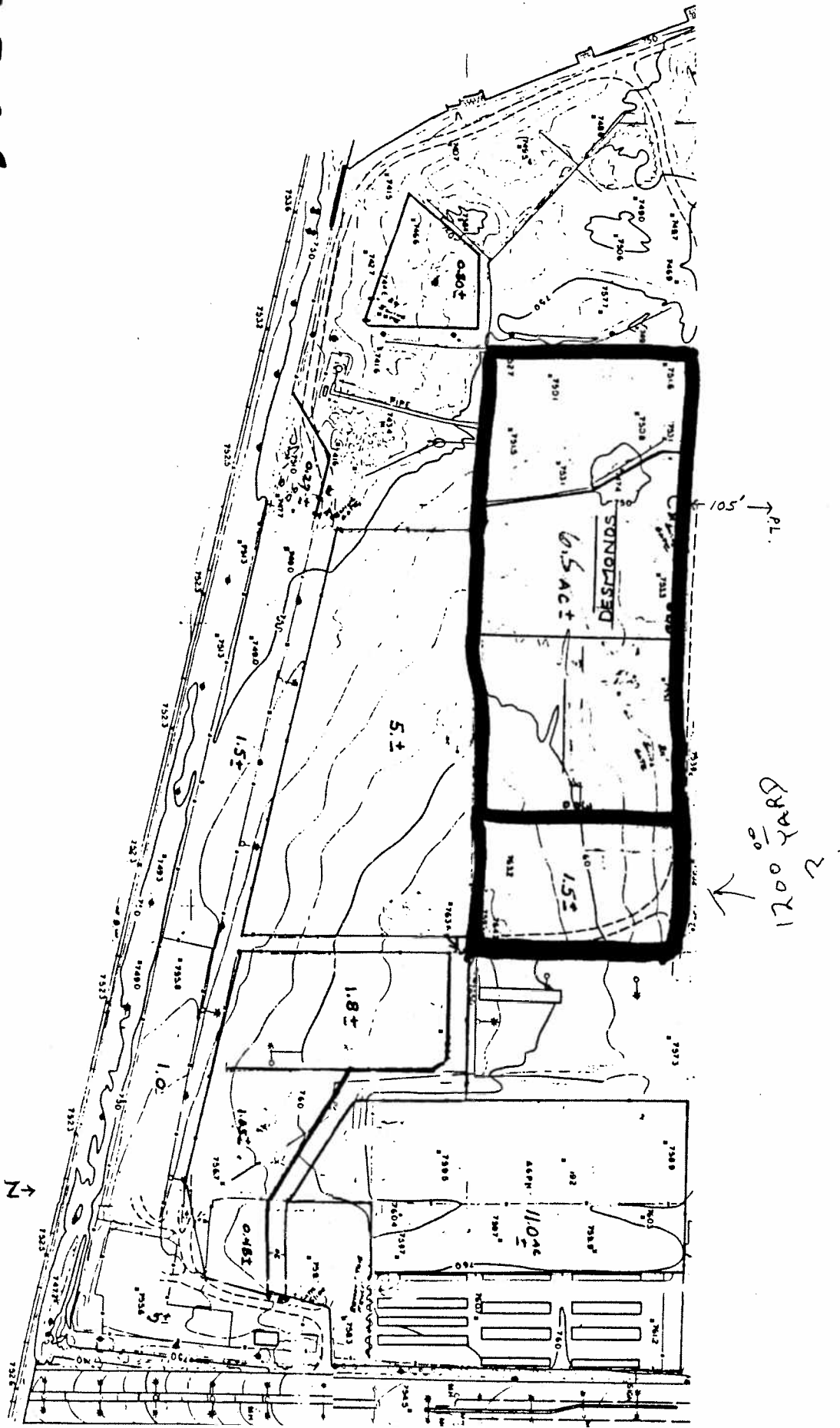
DESMONDS STUDIO PRODUCTION
SERVICES

6-22-90 By 

By _____

:misc

EXHIBIT (A)



LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 1ST day of JUNE, 1987, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and DESMONDS STUDIO PRODUCTION SERVICES, a CALIF. CORPORATION (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 2 acres as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

Landlord may, in its sole and absolute discretion, upon thirty (30) days notice to Tenant, or immediately upon notice in the event of an emergency, change the location of the Premises to any other area of land of approximately the same size owned or

leased by Landlord or an affiliate within a radius of three (3) miles of the original Premises.

2. Term. The term of this Lease shall be three (3) years commencing on ~~April 1, 1987~~ ^{MAY JUNE 1987} and expiring on ~~March 31, 1990~~ ^{APRIL MAY 31}, subject to early termination as hereinafter provided. D.D. *ge*

3. Rental. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of Four Thousand Dollars ~~(\$4,000.00)~~ ^{D.D. \$ 3,800.00} per month, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Prepaid Rent. Upon execution of this Lease, Tenant shall pay to Landlord the sum of ~~Four Thousand Dollars~~ ^{THIRTY EIGHT HUNDRED} ~~(\$4,000.00)~~ ^{\$ 3,800.00} which sum shall be credited to the rental due for the first full month of the Lease term. D.D. *ge*

5. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Four Thousand Dollars ~~(\$4,000.00)~~ ^{3800.00} which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with

D.D.

Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

6. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant's entry into possession of the Premises shall be deemed it's acceptance of the condition of the Premises. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

7. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such

taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

8. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except parking and storage of trucks, vans and movie studio equipment. Without limiting the foregoing or any other provision of this Lease, the following activities are specifically prohibited on the Premises: 1) washing of vehicles or equipment; 2) welding or open flame; 3) obstruction of common roads or other common areas. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. If permitted by applicable law and ordinance, a maximum of one (1) person may reside on the Premises if such person is employed by Tenant as a caretaker. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use.

9. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941

and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

10. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided

however that Tenant's use of the Premises and the rental due hereunder shall be suspended for the period of restoration, commencing from the date on which Tenant gives Landlord written notice of such damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

11. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

12. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the

Premises. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

13. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable to Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

14. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any

provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

15. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of

any such lien, claim or levy pending the final determination thereof.

16. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

17. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name

Landlord as an additional insured, shall provide for at least thirty (30) days notice to Landlord of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

18. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any

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part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant; then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, all within thirty (30) days after service of such notice, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the

term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

19. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such

holding over shall be considered a tenancy from month to month subject to all the conditions and restrictions of this Lease.

20. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: c/o CalMat Co. Self Storage
7361 Laurel Canyon Blvd.
No. Hollywood, CA 91605
Attn: Property Manager

To Tenant: Desmonds Studio Production Services
P.O. Box 621
Northridge, CA 91328

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

21. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord, which shall not be unreasonably withheld. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a precondition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

(a) The name and legal composition of the proposed transferee;

(b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;

(c) Such information as to the proposed transferee's financial responsibility and standing as Landlord may reasonably require;

(d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and

(e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee,

except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

Ninety percent (90%) of all rent received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

22. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas,

telephone and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

23. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

24. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

25. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

26. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

27. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any

such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

28. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

29. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

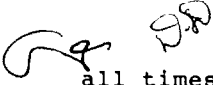
30. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

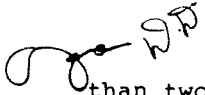
31. Quiet Possession. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

32. Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

33. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

34. Real Estate Brokers; Finders. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

 35. Access. Tenant shall have access to yard at all times. If any vehicle or equipment obstructs passage, Tenant has the right to have vehicles or equipment removed at owner's expense.

 36. Gates. Tenant should not have to enter more than two gates to gain access to Tenant's equipment.

- 1) Gate at entrance.
- 2) Gate at Tenant's yard.

37. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

IN WITNESS WHEREOF, Landlord and Tenant have executed

this Lease as of the day and year first above written.

LANDLORD:

CALMAT CO.

By 

By _____

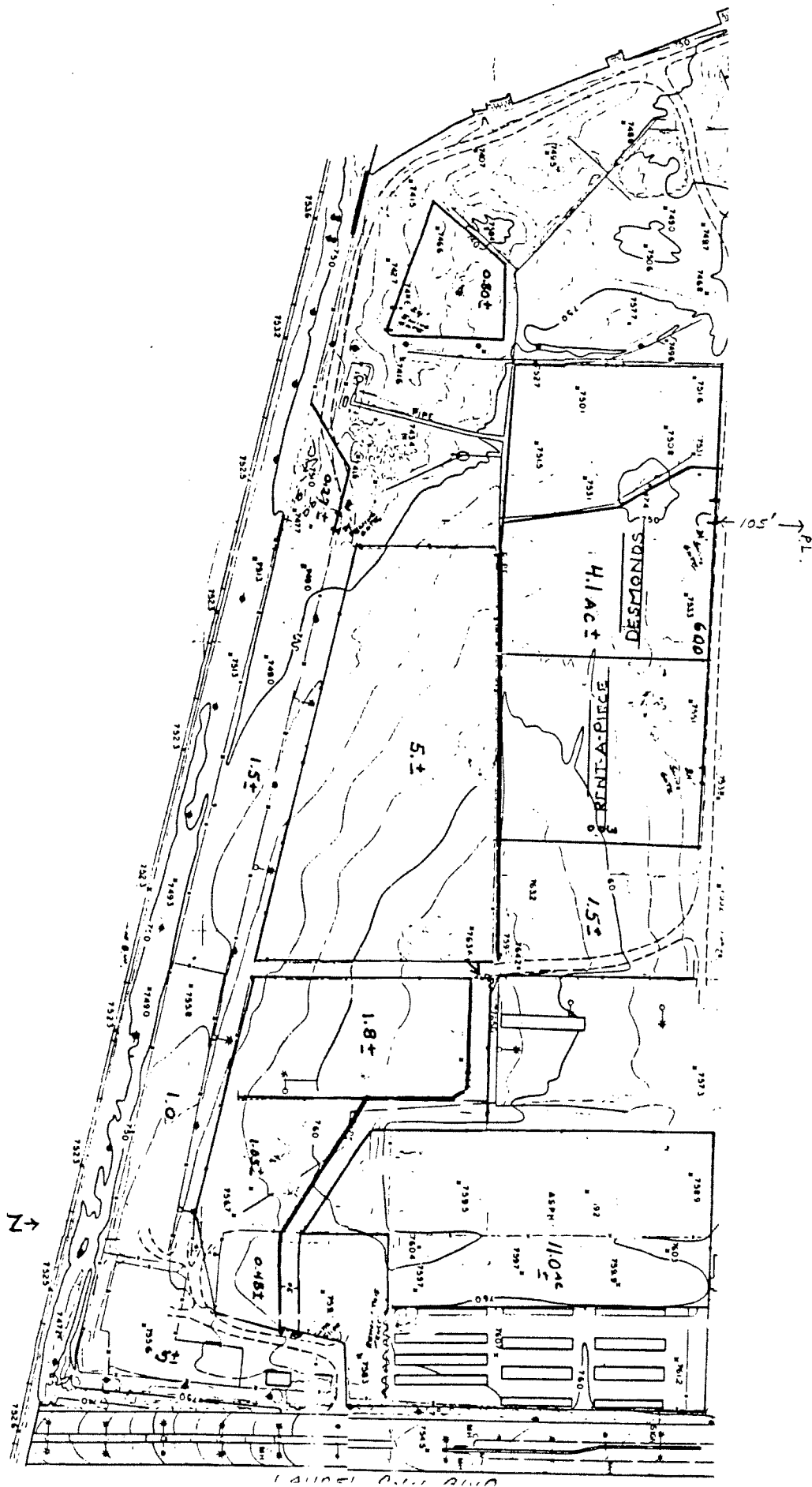
TENANT:

DESMONDS STUDIO PRODUCTION
SERVICES

By 

By _____

: n



LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 15th day of JUNE, 1987, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and RENT-A-PIECE, INC., a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 2 acres as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

Landlord may, in its sole and absolute discretion, upon thirty (30) days notice to Tenant, or immediately upon notice in the event of an emergency, change the location of the Premises to any other area of land of approximately the same size owned or

leased by Landlord or an affiliate within a radius of three (3) miles of the original Premises.

2. Term. The term of this Lease shall be three (3) years commencing on ~~April~~ ^{APRIL} 1, 1987, and expiring on ~~March~~ ^{APRIL} 31, 1990, subject to early termination as hereinafter provided.

3. Rental. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of Four Thousand Dollars (\$4,000.00) per month, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Prepaid Rent. Upon execution of this Lease, Tenant shall pay to Landlord the sum of Four Thousand Dollars (\$4,000.00) which sum shall be credited to the rental due for the first full month of the Lease term.

5. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Four Thousand Dollars (\$4,000.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with

Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

6. Improvements to the Premises. Landlord shall provide the following tenant improvements: 1) fence and rough grade the Premises; 2) two ~~2~~³ security flood lights; 3) access to City water for the Premises; 4) an electrical outlet for the Premises of not more than 30 amps. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant's entry into possession of the Premises shall be deemed it's acceptance of the condition of the Premises. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

7. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

8. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except parking and storage of trucks, vans and movie studio equipment. Without limiting the foregoing or any other provision of this Lease, the following activities are specifically prohibited on the Premises: 1) washing of vehicles or equipment; 2) welding or open flame; 3) obstruction of common roads or other common areas. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. If permitted by applicable law and ordinance, a maximum of one (1) person may reside on the Premises if such person is employed by Tenant as a caretaker. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use.

9. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence,

carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

10. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is

responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that Tenant's use of the Premises and the rental due hereunder shall be suspended for the period of restoration, commencing from the date on which Tenant gives Landlord written notice of such damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

11. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

12. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working

areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

13. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable to Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by

Tenant and which would not, by the terms of this Lease, become property of the Landlord.

14. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

15. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that

nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

16. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

17. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the

Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days notice to Landlord of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

18. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant; then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, all within thirty (30) days after service of such notice, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant

pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

19. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such holding over shall be considered a tenancy from month to month subject to all the conditions and restrictions of this Lease.

20. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: c/o CalMat Co. Self Storage
7361 Laurel Canyon Blvd.
No. Hollywood, CA 91605
Attn: Property Manager

To Tenant: Rent-A-Piece, Inc.
P.O. Box 1097
Studio City, CA 91604

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

21. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord, which shall not be unreasonably withheld. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a precondition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

- (a) The name and legal composition of the proposed transferee;
- (b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;
- (c) Such information as to the proposed transferee's financial responsibility and standing as Landlord may reasonably require;
- (d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and
- (e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor

of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

Ninety percent (90%) of all rent received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the

assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

22. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, telephone and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

23. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

24. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

25. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

26. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said

mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

27. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

28. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

29. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

30. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or

proceeding shall be entitled to recover its reasonable expenses from the other party.

31. Quiet Possession. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

32. Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

33. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

34. Real Estate Brokers; Finders. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

35. Access. Tenant shall have access to yard at all times. If any vehicle or equipment obstructs passage, Tenant has the right to have vehicles or equipment removed at owner's expense.

36. Gates. Tenant should not have to enter more than two gates to gain access to Tenant's equipment.

1) Gate at entrance.

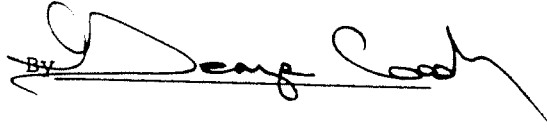
2) Gate at Tenant's yard.

37. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

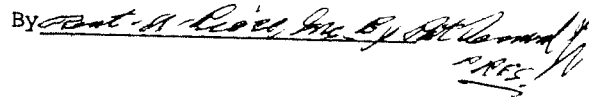
CALMAT CO.

By 

By _____

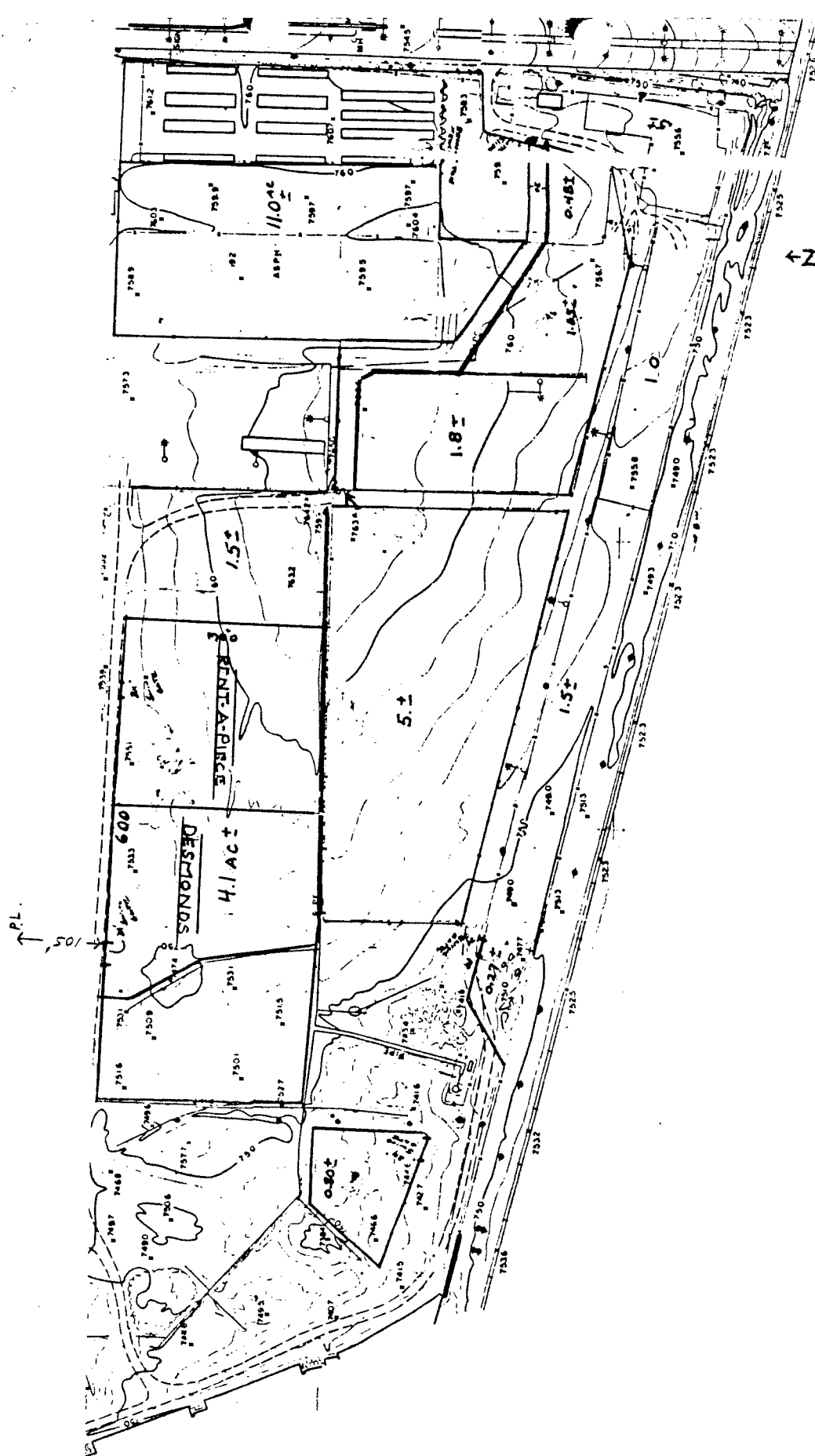
TENANT:

RENT-A-PIECE, INC. 5-19-87

By 

By _____

:n



TENANCY AGREEMENT

THIS TENANCY AGREEMENT (hereinafter called "Agreement") is entered into this 14 day of Jan, 1993, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and POMERANTZ, DON (hereinafter called "Tenant").

RECITALS

A. Landlord is the Owner of that certain premises situated in the City of Los Angeles, County of Los Angeles State of California, consisting of one (1) prefabricated manager's residence (the "Premises") located on the CalMat Self-Storage facility located at 7361 Laurel Canyon North Hollywood, CA

B. Tenant desires to lease from Landlord and Landlord desires to let to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Agreement. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises.

2. Term. The term of this Agreement shall commence on 1 March 1993 and terminate on the date which is fifteen (15) days after the date of the termination of Tenant's employment with Landlord.

3. Rental. Tenant shall pay to Landlord a monthly rental of \$ 200.00 per month, payable in advance on the first day of each calendar month during the term hereof. If this Agreement commences on a date other than the first day of a calendar month, rent for the first month shall be prorated.

4. Improvements to the Premises. Tenant leases the Premises and the improvements thereon in an "as is" condition. Tenant shall not construct improvements to the Premises without Landlord's prior written approval.

5. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except as a residence for not more than 1 persons.

6. Condition Upon Termination. Upon the termination of this Agreement, Tenant shall at its sole cost and expense clean up and remove from the

Premises all personal property, rubbish and debris and turn over the Premises to Landlord in good order and in a clean, sanitary condition.

7. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or exercising any of the rights of Landlord under this Agreement, or for posting notices required or permitted by law.

8. Notices. Whenever in this Agreement it shall be required that notice or demand be given or served by either party to this Agreement, such notice or demand shall be in writing and shall be delivered personally or forwarded by certified mail, postage prepaid, addressed as follows:

To Landlord:

CalMat Co.
Attn: George Cosby, Vice President
3200 San Fernando Road
Los Angeles, CA 90065

To Tenant:

Don Pomerantz
7361 Laurel Canyon
North Hollywood

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

9. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises. Any attempted assignment, sublease, or encumbrance shall be void and of no force and effect.

10. Waiver of Performance. The failure of Landlord to insist upon performance of any of the conditions of this Agreement in any one or more instances shall not be a waiver thereafter of the right to full performance of all of the agreements of Tenant herein set forth, and of all conditions, when any performance is due.

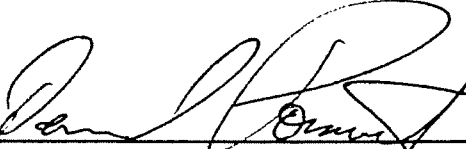
IN WITNESS WHEREOF, Landlord and Tenant have executed this Agreement as of the day and year first above written.

LANDLORD:

CALMAT CO.

By 

TENANT:

By 

By _____

C:\BWF\LEASES\MONTHTM\SELFSTOR.MGR

MONTH TO MONTH TENANCY AGREEMENT

THIS AGREEMENT (hereinafter called "Lease") is entered into this 1 day of JUNE, 1987, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and WIMSATT CONCRETE INC. (hereinafter called "Tenant").

RECITALS

A. Landlord is the Owner of that certain premises situated in the City of LOS ANGELES, County of LOS ANGELES, State of California (the "Premises"), consisting of approximately .30± acres as shown on the map attached hereto and incorporated herein as Exhibit "A".

B. Tenant desires to lease from Landlord and Landlord desires to let to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises.

2. Term. The term of this Lease shall be month to month commencing on 6 - 1, 1987. This lease may be terminated by either party upon at least thirty (30) days written notice thereof to the other party.

3. Rental. Commencing on 6 - 1, 1987, Tenant shall pay to Landlord a monthly rental of \$ 850.00 per month, payable in advance on the first day of each calendar month during the term hereof. If this Lease commences on a date other than the first day of a calendar month, rent for the first month shall be pro-rated. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease,

as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of \$ 850.00 which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the above-mentioned amount.

5. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Upon entry into possession of the Premises, Tenant shall fence the perimeter of the Premises in a manner satisfactory to Landlord. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may,

by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

6. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except CONTRACTOR STORAGE YARD. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use.

7. Maintenance and Repair. Tenant leases Premises in an "as is" condition based upon its own independent investigation and not on any warranty of Landlord express or implied. Tenant's taking possession of the Premises shall constitute Tenant's acceptance of the condition of same. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942,

with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense clean up and remove from the Premises all personal property, rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

8. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

9. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the Federal Mine Safety and Health

Act of 1977, 30 U.S.C. §801 et seq., and the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq. (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises.

10. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

11. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation

Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days notice to Landlord in the event of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

12. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Self Storage Co.
7361 Laurel Canyon Blvd.
N. Hollywood, CA 91605
Attn: Property Manager

To Tenant: Wimsatt Concrete, Inc.
7861 Ruffner Ave.
Van Nuys, CA 91406

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

13. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises. Any attempted assignment, sublease, or encumbrance shall be void and of no force and effect.

14. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, telephone, gas, water and all similar charges which may accrue with respect to the Premises during the term of this Lease.

15. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord.

16. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

17. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or

proceeding shall be entitled to recover its reasonable expenses from the other party.

18. Waiver of Performance. The failure of Landlord to insist upon performance of any of the conditions of this Lease in any one or more instances shall not be a waiver thereafter of the right to full performance of all of the agreements of Tenant herein set forth, and of all conditions, when any performance is due.

19. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

20. Real Estate Brokers; Finders. Each party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

21. Other Provisions. _____

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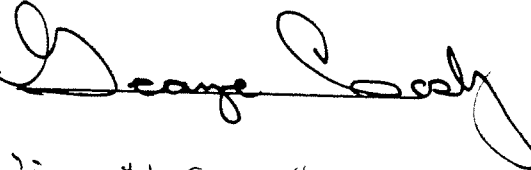
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22. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

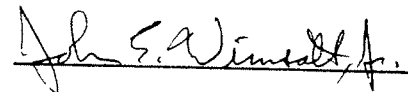
LANDLORD:

CALMAT CO.

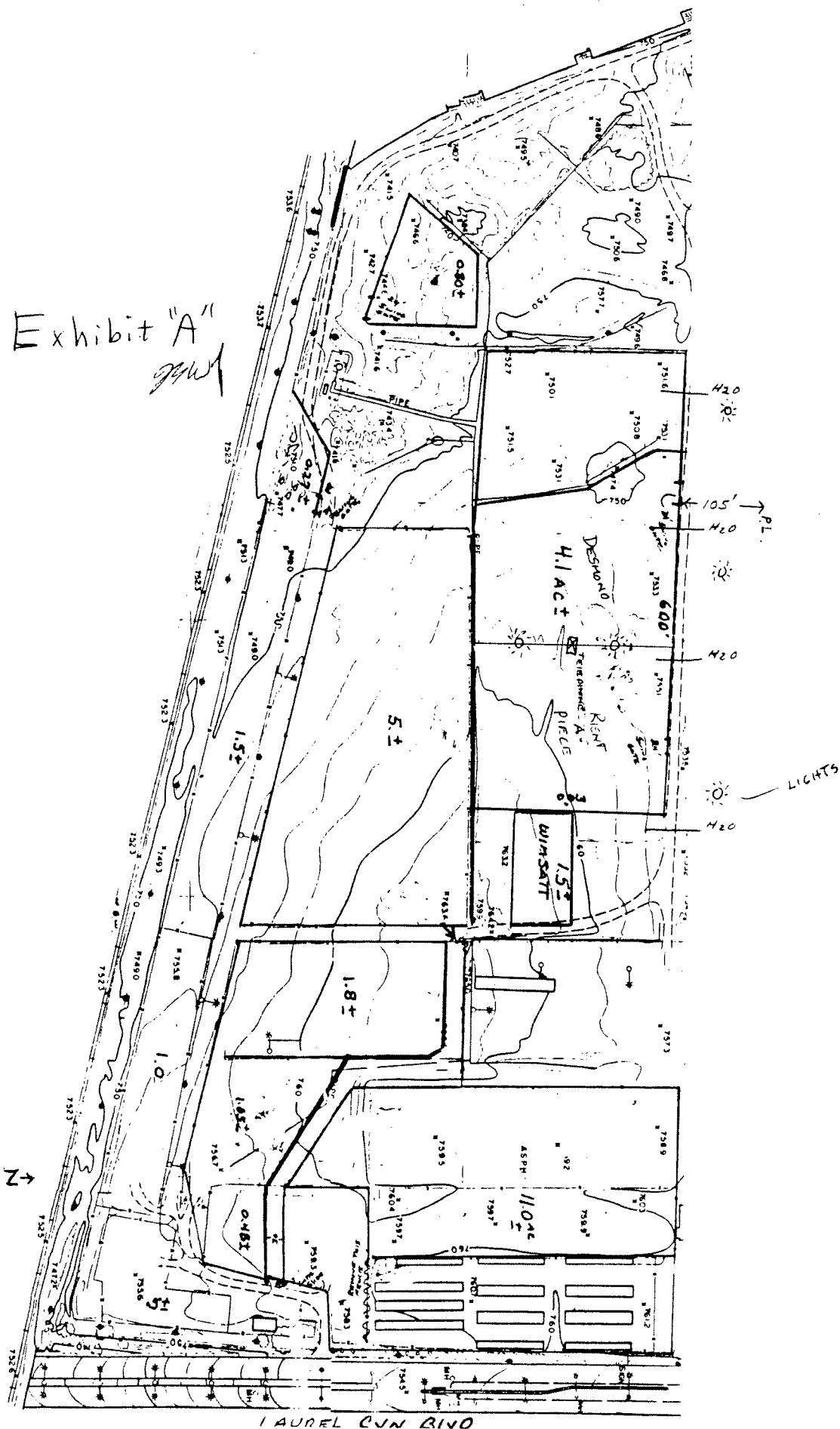
By 

TENANT:

Wimsatt Concrete, Inc.

By  - Pres,

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MONTH TO MONTH TENANCY AGREEMENT

THIS AGREEMENT (hereinafter called "Lease") is entered into this 25 day of Jan, 1986, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and JACK CHURCH, dba J.S.J. EQUIPMENT RENTALS (hereinafter called "Tenant").

RECITALS

A. Landlord is the Owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California (the "Premises"), consisting of approximately 5,250 square feet as shown on the map attached hereto and incorporated herein as Exhibit "A".

B. Tenant desires to lease from Landlord and Landlord desires to let to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises.

2. Term. The term of this Lease shall be month to month commencing on January 1, 1986. This lease may be terminated by either party upon at least thirty (30) days written notice thereof to the other party.

3. Rental. Tenant shall pay to Landlord a monthly rental of Two Hundred Fifty Dollars (\$250.00) per month, payable in advance on the first day of each calendar month during the term hereof. If this Lease commences on a date other than the first day of a calendar month, rent for the first month shall be pro-rated. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease,

as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Two Hundred Fifty Dollars (\$250.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the above-mentioned amount.

5. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or

before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

6. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except storage of construction equipment. Tenant agrees that the Premises shall be used from 7 AM to 8 PM only, and that no welding or open flame shall be permitted on the Premises at any time. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use.

7. Maintenance and Repair. Tenant leases Premises in an "as is" condition based upon its own independent investigation and not on any warranty of Landlord express or implied. Tenant's taking possession of the Premises shall constitute Tenant's acceptance of the condition of same. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942,

with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense clean up and remove from the Premises all personal property, rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

8. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

9. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the Federal Mine Safety and Health

Act of 1977, 30 U.S.C. §801 et seq., and the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq. (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises.

10. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

11. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation

Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days notice to Landlord in the event of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

12. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Self Storage Co.
3200 San Fernando Road
Los Angeles, CA 90065
Attn: Dick Drumm

To Tenant: J.S.J. Equipment Rentals
4782 Gwin Court
Simi Valley, CA 93063

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

13. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises. Any attempted assignment, sublease, or encumbrance shall be void and of no force and effect.

14. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, telephone, gas, water and all similar charges which may accrue with respect to the Premises during the term of this Lease.

15. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord.

16. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

17. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or

proceeding shall be entitled to recover its reasonable expenses from the other party.

18. Waiver of Performance. The failure of Landlord to insist upon performance of any of the conditions of this Lease in any one or more instances shall not be a waiver thereafter of the right to full performance of all of the agreements of Tenant herein set forth, and of all conditions, when any performance is due.

19. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

20. Real Estate Brokers; Finders. Each party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

21. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

CALMAT CO.

By Deane G. Galt

TENANT:

JACK CHURCH

Jack Church

146-186

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHER WISE SHOWN BELOW, MAIL TAX STATEMENTS TO

NAME R.E. Accommodation Company
ADDRESS 1101 Dove Street, Ste. 100
CITY & STATE Newport Beach, CA 92660
Zip

Title Order No. 8820800-67 Escrow No. 71608-03

88 1576357

RECORDED IN OFFICIAL RECORDS
OF LOS ANGELES COUNTY, CA

SEP 30 1988 AT 8 A.M.

Recorder's Office

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Corporation Grant Deed



The undersigned declares that the documentary transfer tax is \$ 10,630.95 and is
☒ computed on the full value of the interest or property conveyed, or is
☐ computed on the full value less the value of liens or encumbrances remaining thereon at the time of sale. The land,
tenement or realty is located in
☐ unincorporated area ☒ city of Los Angeles

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

CALMAY LAND CO.

a corporation organized under the laws of the State of California
hereby GRANTS to

R.E. ACCOMMODATION COMPANY, a California corporation

the following described real property in the City of Los Angeles
County of Los Angeles, State of California:

PARCEL 1:

Lots 8 and 10 of Tract No. 9329, in the City of Los Angeles, County of Los Angeles,
State of California, as per map recorded in Book 179, Pages 9 and 10 of Maps, in
the office of the County Recorder of said county.

PARCEL 2:

Lots 12 and 24 in Block 18 of Los Angeles Land and Water Company's Subdivision,
of part of the Macley Rancho, in the City of Los Angeles, County of Los Angeles,
State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in
the office of the County Recorder of said county.

Dated June 29, 1988

STATE OF CALIFORNIA

SS

COUNTY OF Los Angeles

On this the 29th day of June 1988

before me, the undersigned, a Notary Public in and for said County and

State, personally appeared

Gene R. Block

personally known to me or proved to me on the basis of satisfactory

evidence to be the Vice President and

Brian W. Farris

personally known to me or

proved to me on the basis of satisfactory evidence to be ASST.

Secretary of the corporation that executed the within instrument, per-
sonally known to me or proved to me on the basis of satisfactory
evidence to be the persons who executed the within instrument on
behalf of the corporation therein named, and acknowledged to me that
such corporation executed the within instrument pursuant to its by-laws
or a resolution of its board of directors.

June A. Barnes
Signature of Notary

CALMAY LAND CO.

By

Vice President

By

Asst. Secretary

FOR NOTARY SEAL OR STAMP



MAIL TAX STATEMENTS TO PARTY SHOWN BY FOLLOWING LINE: IF NO PARTY SO SHOWN, MAIL AS DIRECTED ABOVE
Pick Your Part Auto Wrecking 1301 E. Orangewood, #130 Anaheim, CA 92805

Name

Street Address

City & State

CAL-2 (Rev. 9-82)

8820800-67

RECORDING REQUESTED BY

88 1576358

AND WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENTS TO:

Pick Your Part Auto Wrecking
Suite 130
1301 East Orangewood
Anaheim, CA 92805

RECORDED IN OFFICIAL RECORDS
OF LOS ANGELES COUNTY, CA

SEP 30 1988 AT 8 A.M.

Recorder's Office

FEE \$25 R
A.F.N.F. 1

ESCROW NO. 71608-01
TITLE ORDER NO. 8820800-67

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Corporation Grant Deed

The undersigned grantor(s) declare(s):

Documentary transfer tax is \$ 10,630.95

(X) computed on full value of property conveyed, or
() computed on full value less value of liens and encumbrances remaining at time of sale.
() Unincorporated area: (X) City of Los Angeles, and

By this instrument dated September 27, 1988, for a valuable consideration

R.E. ACCOMMODATION COMPANY

a corporation organized under the laws of the State of California
hereby GRANTS to

PICK YOUR PART AUTO WRECKING, a California corporation

the following described real property in the City of Los Angeles
County of Los Angeles, State of California

PARCEL 1:

Lots 8 and 10 of Tract No. 9329, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 179, Pages 9 and 10 of Maps, in the office of the County Recorder of said county.

PARCEL 2:

Lots 12 and 24 in Block 18 of Los Angeles Land and Water Company's Subdivision, of part of the McClay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said county.

In Witness Whereof, said corporation has caused its corporate name and seal to be affixed hereto and this instrument to be executed by its _____ President and _____ Secretary
hereunto duly authorized.

STATE OF California

R.E. ACCOMMODATION COMPANY

COUNTY OF Orange

On this the 27th day of September, 1988, before me, the undersigned, a Notary Public in and for said County and State,

personally appeared
Burleigh Brewer
Jani Wilson

By Burleigh Brewer President

By Jani Wilson Secretary

proved to me on the basis of satisfactory evidence to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its Bylaws or a Resolution of its Board of Directors.

WITNESS my hand and official seal.

Raven LeMay
Notary's Signature



MAIL TAX STATEMENTS TO PARTY SHOWN ON FOLLOWING LINE; IF NO PARTY IS SHOWN, MAIL AS DIRECTED ABOVE.
Pick Your Part Auto Wrecking 1301 E. Orangewood, #130 Anaheim, CA 92805

Name

Street Address

City & State

140 & 180



LEAD SHEET

02-0766821

RECORDED FILED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA
4:01 PM APR 01 2002

SPACE ABOVE THIS LINE FOR RECORDERS USE

TITLE(S)

DEED

FEE

FEE \$10 88
2

O.T.T.

TRANSFER TAX
NOT A PUBLIC RECORD

CODE
20
CODE
19
CODE
9

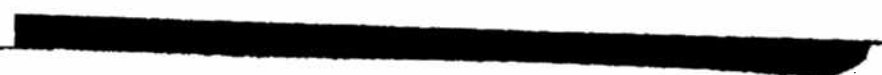


Assessor's Identification Number (AIN)
To Be Completed By Examiner OR Title Company In Black Ink

Number of Parcels Shown

2538

THIS FORM IS NOT TO BE DUPLICATED



RECORDING REQUESTED BY
CHICAGO TITLE COMPANY
AND WHEN RECORDED MAIL TO:

HAYWARD ASSOCIATES
1301 EAST ORANGEWOOD AVENUE
ANAHEIM, CALIFORNIA 92805

02-0766821

MAIL TAX STATEMENTS TO:
SAME AS ABOVE

SPACE ABOVE FOR RECORDER'S USE

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S):

TRANSFER TAX
NOT A PUBLIC RECORD

DOCUMENTARY TRANSFER TAX IS NOT SHOWN PURSUANT TO SECTION 11932
OF THE REVENUE AND TAXATION CODE, AS AMENDED.

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

CALMAT CO., A DELAWARE CORPORATION, SUCCESSOR BY MERGER TO
CALMAT PROPERTIES, CO. A CALIFORNIA CORPORATION

HEREBY GRANT(S) TO

HAYWARD ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP

THE FOLLOWING DESCRIBED REAL PROPERTY IN THE CITY OF LOS ANGELES,
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA:

LOT 9 OF TRACT NO. 9329, IN THE CITY OF LOS ANGELES, COUNTY OF LOS
ANGELES, STATE OF CALIFORNIA, AS PER MAP, RECORDED IN BOOK 179, PAGES 9
AND 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, HYDROCARBONS, MINERALS AND MINERAL
RIGHTS, AND ALL WATER RIGHTS, GROUNDWATER RIGHTS, RIPARIAN RIGHTS,
WATER STOCK, OR ANY OTHER PRESCRIPTIVE RIGHTS TO WATER, ALL OF WHICH
ARE EXPRESSLY RESERVED BY GRANTOR WITH NO RIGHT OF ENTRY TO A DEPTH
OF 500 FEET FROM THE SURFACE.

SUBJECT TO ALL EASEMENTS AND MATTERS AND RESTRICTIONS OF RECORD.

GRANTOR RESERVES AN EASEMENT FOR CONVEYOR AND OTHER PURPOSES PER
EASEMENT RECORDED NOVEMBER 30, 2001 AS INSTRUMENT NO. 01-2274961 AND
AN EASEMENT FOR WATER LINE AND OTHER PURPOSES PER EASEMENT
RECORDED NOVEMBER 30, 2001 AS INSTRUMENT NO. 01-2274962, IN THE OFFICE OF
THE COUNTY RECORDER OF SAID COUNTY.

ASSESSORS PARCEL NO. 2538-010-002

CONTINUED ON PAGE TWO

IN WITNESS WHEREOF, THE GRANTOR HAS CAUSED THIS GRANT DEED TO BE
EXECUTED AS OF THE 26 DAY OF March, 2002

GRANTOR(S)

SELLER(S):

CALMAT CO.
A DELAWARE CORPORATION

BY [Signature] BY [Signature]

STATE OF CALIFORNIA)
) SS
COUNTY OF Los Angeles)

ON 3/26/02 BEFORE ME, Nana M. Carl, A NOTARY
PUBLIC IN AND FOR SAID STATE, PERSONALLY APPEARED
Michael Grant & Brian W. Ferris
PERSONALLY KNOWN TO ME OR PROVED TO ME ON THE BASIS OF SATISFACTORY
EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE
WITHIN INSTRUMENT AND ACKNOWLEDGES TO ME THAT HE/SHE/THEY EXECUTED
THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY
HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE
ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE
INSTRUMENT.

WITNESS MY HAND AND OFFICIAL SEAL.

Nana M. Carl

